The Causes and Consequences of the War

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PREFACE

This book is devoted to an attempt to deduce from the political and economic causes of the present war the principles governing the conditions which alone can assure a lasting peace.

Errors of diplomacy are fraught with more disastrous consequences than errors on the battlefield. For example, the blunder of Talleyrand and Lord Castlereagh in 1815 in forcing the Rhine Province and Westphalia on Prussia when she coveted Saxony (Russia being fully in sympathy with her), was unquestionably the first step towards the wars of 1866 and 1870.

Again, we must look for the real origin of the Balkan Wars of 1912–13 and the present world-conflict in that coalition of 1878 against Russia, into which Bismarck and Lord Beaconsfield dragged France, and which substituted the Treaty of Berlin for the Treaty of San Stefano.

A public opinion educated enough to appreciate the problems to be solved can alone guarantee us against a repetition of the errors of esoteric diplomacy. It is the duty of the Allies to make better preparations for peace than they did for war.

The Germans seem to be making a point of arousing and deserving the bitterest hatred. Now hatred is a force in actual warfare which is not without its value, for it can only be satisfied by that decisive victory failing which peace can be but a temporary and uneasy truce.

But neither individuals nor peoples can live on hate. It is no substitute for food and only ends by devouring him who cherishes it. That way lies destruction. The vendetta has never failed to arrest the development of those lands where it has flourished and national hatreds will produce the same effect in Europe if they are to remain

a permanent feature of international relations. Our business is not to foster them but to prepare to consign them to oblivion.

Neither passion nor revenge, but foresight, must inspire the treaty to come.

I have hoped to contribute something towards it by trying to eliminate worn-out dynastic traditions, old diplomatic formulæ for so long accepted as international currency, the untruths and half-truths of historical law, vague ideas about races and nationalities, inexact and deceptive catchwords, and to replace them by the solid conception, after the manner of Bentham, of a utilitarian policy.

YVES GUYOT.

PREFACE TO THE ENGLISH EDITION

I AM very happy to present this book to the English public, which has always shown me great kindness. Among the Press notices of the first French edition none gave me greater pleasure than that of Mr. A. J. Wilson, the well-known editor of the *Investors' Review*, who recommended my book to his readers, and added :

" This notice cannot be closed without a word of commendation in regard to the lucid *résumés* of history embraced in the book. Where we have tested these we have found them correct ; as, for example, in Chapter IV. of Part III., devoted to the historical causes of the war—where we get a most lucid review of the history of Prussia and Austria from 1847 to 1866."*

From another quarter, M. Paul Muller, an Alsatian of wide literary knowledge and a specialist in the history of his country, wrote to me :

" The prospectus of your book ought to have given prominence to the section devoted to the history of Franco-German diplomacy from 1871 to 1914. You are the first to give a clear recital of the facts in forty pages."

I value very highly these words of appreciation and others of the same tenor, for the object I put before me in undertaking this work was to present the facts in a manner which all could understand, not with a view to fostering prejudice and inflaming passion, but in the hope, as far as possible, of extracting from the truth the materials necessary to the formation of sound judgments.

The text has undergone no change, and there have been no mistakes to correct. Subsequent events and additional documents that have been published since the book was written have only confirmed what I said.

I.—The Pact of Konopisht†

Certain new and recent revelations as to the beginning of the war have been published and are of importance.

* *Investors' Review*, September 4th, 1915.

† The authority on this topic is Mr. H. Wickham Steed, who has discussed it in *The Nineteenth Century and After*.

I have referred to the suspicions which gathered round the Sarajevo crime at the outset. Confirmation is now forthcoming. The family of the Hapsburgs comprises eighty Archdukes and Archduchesses, all subject to their head, the Emperor Francis Joseph, guardian of the "Family Law." They are all equally interested in the preservation of their family rights and inheritance. In May, 1896, the Archduke Francis Ferdinand became heir to the throne on the death of his father, the Archduke Charles Louis, brother of Francis Joseph, and was sent on a voyage round the world. On his return he became a regular visitor to the Archduke Frederick at his palace in Vienna and his castle at Pressburg. The Archduchess was under the impression that he wished to marry her eldest daughter, but discovered one day that he was wooing one of her maids of honour, the Countess Sophie Chotek, of a noble but poor Bohemian family. She promptly showed him the door, but the Archduke Francis Ferdinand was not to be turned from his purpose of rescuing the girl from the convent to which she fled, and marrying her.

The price of his triumph over the Emperor's resistance was his submission, on June 1st, 1909, to a humiliating ceremony, at which he was compelled, before the assembled members of his family, to renounce on oath the right of his children to succeed to the throne. The Emperor then laid this renunciation before the Austrian Parliament, which duly recorded it, and the Hungarian Parliament, which incorporated it in the Constitution. The relations of the Archduke and his wife with the other members of the Royal Family were a mixture of cruel humiliation and jealous hatred.

The new wife was allowed the title of Duchess of Hohenberg, which only gave her precedence in the Court ceremonies after all the Archduchesses, even the youngest of them. The Archduke tried in vain to procure for her the title of Archduchess. The Emperor's flat refusal was dictated mainly by the consideration that, in virtue of the Pragmatic Sanction of 1722–1723, that title would have given to the children of the marriage the succession to the throne of Hungary, and, as the husband would be Emperor of Austria, to the throne of Austria also.

Three children were born of the marriage: the Princess Sophie Hohenberg in 1901, Prince Charles Maximilian in 1902 and Prince Ernest in 1904. Francis Ferdinand in no wise desisted from his efforts to assure their future, though the other members of the family persisted in regarding them as interlopers. It was plain that he

could only alter the situation by some change in his personal position, such as might be produced by a war. As a clerical of clericals he had a bitter hatred of Italy. He was the head of the War Party, which was exasperated when war was avoided in 1909 after the annexation of Bosnia and Herzgovina.

Never very balanced in mind and the victim of some disease which has only been hinted at, though its attacks were far from infrequent, he pursued a restless and perilous policy which was inspired by his almost insane hatred of Jews, Hungarians and Italians.

The Emperor William decided to make use of the jealousies and humiliations of the Archduke and the Duchess of Hohenberg. True, the fanatical clericalism of the Archduke stood in his way, but after the annexation of Bosnia and Herzgovina he established direct contact with him, and lent a sympathetic ear to his schemes for solving the Southern Slav question in favour of the Hapsburg dynasty and Catholicism by opening the road to Salonica. In 1909 the Kaiser invited the Archduke and his wife to Potsdam.

On June 12th, 1914, they received him, accompanied by Admiral von Tirpitz, at their castle of Konopisht in Bohemia. During this visit the Emperor of Germany is said to have proposed to the Archduke an arrangement, the terms of which have been sent to Mr. Henry Wickham Steed, for ten years the foreign correspondent of *The Times* at Vienna and now its foreign editor.

The Kaiser seems to have suggested to the Archduke and his wife the formation of two kingdoms: one, comprising Poland, Lithuania and the Ukraine, extending from the Baltic to the Black Sea, would be given to the Archduke and would form the inheritance of his elder son, while the other, to be governed by his second son under his direction, would be composed of Bohemia, Hungary and the larger part of the Slav districts of Austria, with Serbia and the Slav coasts of the Adriatic. The Kaiser promised to hand over a part of the Duchy of Posen to the first kingdom, and, as compensation, German Austria with Trieste, under the government of the Archduke Charles Francis Joseph, would be annexed to the German Empire.

There would be a perpetual military and economic alliance between the German Empire, the Kingdom or Empire of Poland and the new Kingdom of Bohemia, Hungary and the Southern Slavs. That alliance, master of the Balkans and the routes to the East, would become the arbiter of Europe. No Power would be able to prevent Germany from annexing Belgium and Holland.

II.—The Sarajevo Crime

On June 28th, fifteen days later, the Archduke and his wife were assassinated at Sarajevo.

The police of Sarajevo had received orders from the military authorities to make no special preparations for the Archduke's visit, which was exclusively their affair. There were only one hundred and twenty police agents on a route of more than three and a half miles. The first bomb was thrown by a young man named Cabrinovitch, the son of an Austrian police agent, who had spent part of the previous winter at Belgrade on some suspicious task or other. Nothing had been done for the Archduke's safety. No measures were taken after his call at the Town Hall, when he started out for the hospital. Another young man, Princep, a son of the Chief of the Secret Service in Bosnia, stationed himself at the corner of a street and killed the Archduke and his wife with three shots from his revolver. General Potiorek, who was in command at Sarajevo, remained Governor. He received the command of the first army which invaded Serbia and after his defeat was pronounced insane and shut up in an asylum. Says Mr. Wickham Steed :

"In the light of the ascertained facts concerning the production of the anti-Serbian forgeries employed by Austria during the Annexation crisis of 1908–9, and exposed during the Friedjung trial of December, 1909, it would certainly not be beyond the power of Austro-Hungarian Secret Service agents to work up a plot at Belgrade or at Sarajevo, were it considered desirable, for reasons of Imperial policy, either to 'remove' obnoxious personages or to provide a pretext for war."

The funeral arrangements, carried out by Prince Montenuovo in accordance with the Emperor's wishes, were such as to confirm all suspicions. Mr. Steed's conclusion is this :

"If, however, the Emperor Francis Joseph and the Imperial Family obtained, before or after the assassination, knowledge of an agreement such as that alleged to have been made between the Archduke and the Emperor William at Konopisht, much that has hitherto been obscure would become intelligible."

As this pact envisaged the abandonment, by the heir to the Austrian Empire, of the hereditary provinces of the Hapsburgs to the German Empire, it must have aroused intense uneasiness and disgust in the Imperial Family.

Lorali, the Transylvanian priest who offered himself for election to the Roumanian Chamber, but withdrew to avoid embarrassing the Roumanian Government, declared in his election address that he possessed documents which proved that Count Tisza and certain Austro-Hungarian high officials were the authors of the Sarajevo crime.

If Count Tisza actually procured the assassination of the Archduke Francis Ferdinand in order to rid the Hungarians of a man they detested and the Imperial Family of the ill-starred couple, and if his ultimate motive was to have an excuse for a war against Serbia, he may congratulate himself on his immediate success, but he must be somewhat uneasy as to the final result.

The Emperor Francis Joseph, in his rescript of July 5th, 1914, did not appear to intend making the assassination a pretext for war. He denounced it as "the work of a small band of maniacs," and declared that "he would continue to pursue the policy which seemed to him most likely to further the welfare of his people." Nevertheless, the Ballplatz, instructed by the Wilhelmstrasse, launched an ultimatum on the 14th of July. Francis Joseph hesitated to sign it, but at length gave way under pressure from the War Party, and especially Count Tisza, who became more and more the dominating figure. Count Berchtold, in spite of appearances, was only a tool during these events, and he eventually disappeared without leaving traces behind him, and gave place to Baron Burian, who is only Tisza's vassal just as Tisza is Wilhelm II.'s vassal.

What a fine pretext the Sarajevo crime afforded him!

He pushed Austria-Hungary into the conflict. Instead of appearing in the rôle of aggressor, he chose that of faithful ally, taking up the task of inflicting just punishment on the authors and actors of a hideous crime against a prince! All sovereigns and princes should owe him a debt of gratitude.

III.—The Assassination of Prince Yusuf Izzedin

On February 3rd, 1916, the Young Turk Government informed the world of the death of Prince Yusuf Izzedin in the following *communiqué*:

"May God grant long life to His Imperial Majesty! In consequence of the malady from which he suffered so long, His Highness the Heir to the Throne committed suicide at half-past seven this morning in the bedroom of the harem

pavilion of the summer-house at Zindjirly, by opening the veins of his left arm.

"The death of His Highness has caused His Imperial Majesty the Sultan and the Imperial Government the most profound grief."

All those who read that *communiqué* came away convinced that the Young Turks had had recourse to a time-honoured practice on the shores of the Bosphorus. They had made the heir to the throne "commit suicide."

Information from many quarters confirms that suspicion. The Prince was neither a Young Turk nor an old Turk. He was a Turk, and, as such, hated by Enver Pasha, the tool of Germany. After the bombardment of Odessa by the Turkish fleet he indicated his disapproval in no uncertain manner. From that moment he was doomed.

When the Sultan fell ill in the summer of 1915, a conference was called at the house of Haïri Bey, the Sheik-ul-Islam, at which Enver Pasha, Talaat Pasha, Bedri Bey, the Prefect of Police, the Vice-President of the Turkish Parliament, and the Prince's own doctor took part. Hussein Djahid pointed out that the supply of munitions was in danger of giving out, and that if the Allies won Yusuf Izzedin might be useful in obtaining better terms of peace. These ideas met with a hostile reception. If the Sultan died and Yusuf Izzedin succeeded him, the Committee of Union and Progress were likely to lose its mastery and find a master. Enver Pasha was strongly in favour of "removing" the Prince at once. Certainly his substitute, Prince Mahid-ed-Din, did not offer complete guarantees of complacency, but they recognized the difficulty of killing off the whole Imperial Family and so resolved to run the risk of acquiescing in his accession to the throne.

There were several other meetings, but nothing decisive was settled, owing to external events, until after the evacuation of the Dardanelles by the Allies, when the Committee considered that the time was ripe for putting their scheme into execution. The friends of the Prince are certain that the assassination was planned at the German Embassy and carried out by his orderly officer, Hassan Bey.

No European doctor, not even a German doctor, would sign the certificate of suicide and finally it was given by nineteen Turkish doctors, including in their number the Director of the Army Medical Services, one of Enver Pasha's creatures, the oculist Essad, a friend of Talaat Bey, an *accoucheur*, Omer, who had made a fortune out of

the Turkish Red Cross, Kassim Izz-ed-Din, a member of the secret section of the Committee of Union and Progress, Halid, a spy and friend of the head of the Secret Police, and, lastly, the Prince's own doctor, who had voted in favour of his death at the meeting in the house of the Sheik-ul-Islam.

Yusuf Izzedin was assassinated on the day before he was to start for Europe. He had wired to the United States Minister at Sofia to arrange an appointment.

This murder was committed on the shores of the Bosphorus; yet the Young Turks, who are entirely responsible for it, had claimed that they overthrew the "red" Sultan, Abdul Hamid, to put an end to the crimes which had distinguished his rule. They were cynically repeating his policy. But they were not the sole criminals. They were urged on and assisted by the representatives of the nation which boasts of possessing the most advanced *Kultur* of the human race.

This crime is an outstanding proof of the backwardness of German civilization. It is in the same category as the crimes of her soldiers in Belgium and other occupied countries, acts like the destruction of Louvain and the murder of Miss Cavell, the exploits of her submarines, and the hypocritical lies by which her Government has sought to justify her conduct.

IV.—New Details of German Manœuvres

When *The Times* unfolded the story of the letter it was intended to publish and which was to be reproduced by the Wolff Bureau,* it did not give the name of the writer. It has done so since and revealed the name of Herr Ballin, President of the Hamburg-American Line.

Herr von Bethmann-Hollweg said in his speech on December 2nd, 1914: "At the beginning of June, 1914, I informed the British Government that I had knowledge of secret Anglo-Russian proposals for a naval convention. I pointed out that such proposals involved great dangers to the peace of Europe."† This story, told with the object of presenting Germany as the object of a sinister persecution, compelled to defend herself, was a mere invention. On October 28th,

* See Part I., ch. xvi., *infra*. † See Part I., ch. xvi., *infra*.

1915, Sir Edward Grey stated that "there was no naval or military agreement with Russia . . . prior to the agreement of September 5th, 1914."

V.—The Peace Conditions

I feel I have nothing to change as regards the conditions of peace which I suggested.

I said:

"I say nothing of Greece, Bulgaria and Montenegro, because the settlement of the questions which interest them will only be of secondary importance when the time for negotiations arrives."*

The events which took place in the Balkans in the month of September have done nothing to shake that opinion.

The diplomatists of the Triple Entente attempted to revise the Treaty of Bucharest to the advantage of Bulgaria at the expense of Serbia, Greece and Roumania. When they disastrously failed they hastened to attribute that failure to the French and English publicists and members of Parliament who had dared to express the opinion that the occupation of Constantinople by Russia was the only possible solution of the question of the Straits. I myself held that view, and have seen no reason to change it. I ask those who were so anxious to shift the responsibility for their mistakes on to others if they were ignorant of Ferdinand's past, his close connection with the House of Hapsburg and William II., his attack in 1913 on the Serbs and Greeks, and the loan, payable in munitions of war, which he contracted at Berlin early in 1915.†

The terrible events which were the logical consequence of the unaccountable errors of English, French and Russian diplomacy have added a horrible page to the history of martyred Serbia.

On November 2nd Mr. Asquith declared that the maintenance of Serbian independence was one of the essential aims of the Allies. This is not enough. Serbia must form a State or Federation with the Southern Slavs. I distrust both the origin and the tendency of the insidious question which is sometimes raised: "Will Serbia be strong enough not to abuse her aggrandizement?"

We hear little of what is taking place in Bohemia and Croatia. Yet such news as comes through shows that the Austro-Hungarian Government have intensified their repressive measures. Early in

* See p. 312.

† See the Appendix: *The Bulgarian Question.*

March Dr. Liebknecht said in the Prussian Landtag that "in Austria persecution has been worse than anything hitherto experienced." When the Emperor Francis Joseph ordered the execution of all the surviving officers of the 28th Czech Regiment of Infantry, which surrendered almost *en bloc* to the Russians, he proved that the war has done nothing to reconcile the conflicting sentiments and interests which keep the nations of the Austro-Hungarian Empire apart.* In the Hungarian Parliament Urmauzy denounced the treachery of the Czech troops in Serbia, while M. Kelemen put a question as to the serious disorders in Szegedin caused by Czech officers and men who were transferred there from Bohemia. It seems that they fraternized with Roumanian officers and men, joined in singing Roumanian national songs and the Slav national hymn, *Onward, Slavs!* and overtly displayed their hatred of the Magyars. M. Kelemen dropped his interpellation on a hint from Count Tisza and the President of the Chamber that a discussion of the affair would be contrary to the national interest.†

I have ridiculed the triumph of German diplomacy in replacing Italy by Turkey in the Triple Alliance. To-day Italy has added her armed strength to that of the Triple Entente. I paid a visit to Rome and Milan in December and came away with a feeling of perfect confidence in her fixity of purpose. The vote of the Italian Parliament on the 18th of March, giving a majority of 394 to 64 to the Salandra Ministry, proves that my confidence rested on a solid basis. Like Japan, she has adhered to the Compact of London signed on September 6th, 1914, by Great Britain, France and Russia, providing that none of these nations would conclude peace separately. This in itself is sufficient to make her at war with Germany as well as Austria-Hungary.

Great Britain has forced Germany to hide away her Dreadnoughts and rely entirely on a submarine war, which has done nothing but add to her execrable record. England has not only won and maintained maritime supremacy for the Allies, but has succeeded in raising an army of more than three millions, while more than five million men voluntarily offered themselves for service.

One Saturday evening, towards the end of January, I was in London in the company of one of the directors of munition making.

* See the *Journal des Économistes*, January, 1916: *La Situation Internationale*, p. 19.

† The *Journal des Débats*, March 6th: News from Bucharest.

He suggested a visit to a munitions factory the next day. "But to-morrow is Sunday," I said. "Sunday does not exist so far as munitions are concerned," he replied.

The Allies are not sufficiently informed of each other's efforts. The Russians have shown that their leadership is of the first order, and that the rank and file are magnificent both in attack and defence. Notwithstanding difficulties of supply, and at times even the lack of arms and munitions, they have fought the Austro-German armies to a standstill; by taking Erzrum and Trebizond they have demonstrated once more the unity of purpose which inspires the Allies. The Turks have turned their backs on Egypt and abandoned their design of cutting the Suez Canal for the benefit of Germany. They are less anxious than ever to co-operate in the attack on Salonica and the alarmists who anticipated the presence of a Turkish army in Champagne and Artois may recover their composure. Instead of setting out to conquer Persia and the Persian Gulf, they are thinking more of the defence of Constantinople. William II.'s great schemes for extending German domination to the East have not materialized.

In 1914 the Germans rushed upon Paris. In the epic battle of the Marne they were driven back. In October they assaulted the Ypres-Armentières front with Calais as their objective. Their onslaught was broken. In April, 1915, they made a violent attack upon the Yser front. It was the only great offensive they attempted on the West front in the course of that year. In February of this year they began a terrific battle before Verdun. Again they have failed to break our lines. In this long-drawn conflict the French soldier has made up for the grave technical defects in our military preparations by his heroism and resource. His courage, determination and will to conquer, combined with the exhaustion of the German reserves,* enable us to look forward to overwhelming victory.

Having secured supremacy at sea, the Allies have the resources of the world at their disposal, limited only by economic considerations. Great Britain has shown that she is what she has always been, the greatest financial Power in the world—an argument in favour of Free Trade which is unanswerable.

True, the Allies had in their midst a number of Germanomaniacs, who were hypnotized by the victors of Sedan, and agreed with the *Kulturkrieger* (Intellectuals) in dating the economic greatness of

* See the articles of M. L. Gouvy, the *Journal des Économistes*, February, 1915, January and March, 1916.

Germany from that event. They forgot that the era of Sedan coincided with certain discoveries and inventions which have been far more beneficial to Germany than the war indemnity of 1871. The Bessemer process, the Martin-Siemens furnace, the Gruner process, known as "Thomas and Gilchrist"—all date from that period. These inventions, the product of English and French brains, have made the metallurgical fortune of Germany.* The development of her industry in dyes manufactured from coal-tar was due to the discoveries of an Englishman, Perkins, and Verguin, a chemist of Lyons. If the Germans have made a better use of those discoveries than the English and French, they have to thank, not Bismarck, nor Von Moltke, but the chemist Liebig, who introduced the practical study of chemistry at Giessen in 1827.

The transformation of industry has done far more for the prosperity of German industry than her victories in 1870. Those victories and the annexation of Alsace-Lorraine imposed upon her a crushing military burden and a disquieting policy, the evil effects of which she has felt as much as those against whom it was directed and which has finally led to the present cataclysm.

The fatal results of the triumph of militarist over economic policy, patent though they are, have not deterred those Germanomaniacs, who, in their patriotic zeal for England and France, desire to make their countrymen adopt German imperialism, which is only the exploitation of the weak by the strong.† Confusing war, which is an affair between States, and commercial intercourse, which is an affair between individuals, these enemies of Germany, saturated with "Germanism," help to complicate the problem of the political and economic future of Europe. They are a prey to doubt and hesitation when it is shown that the only guarantee of future peace is the dissolution of the German Empire and the Austro-Hungarian Monarchy, yet they are spoiling for an economic war after the conclusion of peace. Their arguments, inspired by the old spirit of monopoly and commercial jealousy, are the same as those used against England by them and their fathers before them.

They talk of an economic war and dream of a treaty of peace

* See *La Métallurgie Allemande*, by Fritz Thyssen. *Revue Économique Internationale*, June 20th, 1911.

† *L'Impérialisme Économique*, by Yves Guyot. *Journal des Économistes*, March, 1913.—*La Jalousie Commerciale et les Relations Internationales*, by Yves Guyot (Pamphlet of the *Ligue du libre-échange*).

which will usher in an era of commercial boycotting. They would like to obliterate from Central Europe its population of 115 to 120 million individuals, who will need food and commercial intercourse, and whose foreign trade before the war was worth hundreds of millions. They would forbid the Russians to sell wheat and barley to the Germans, and the French to buy German coke and coal from the Ruhr mines for the blast-furnaces of the Briey district.

The effect of such a policy would be not only to maintain a state of war after the conclusion of peace, but to reveal conflicting interests among the Allies. It is elementary that in these days no nation, not even a group of nations, can be altogether self-sufficing.* If we attempt to set up an economic system which can only have the effect of fostering the passion for revenge of our beaten foes, we shall be behaving as slavish imitators of the Germans and Turks. We make war because we are determined to have peace. That peace can only be permanent if the beaten nations cease to hanker after the imperialistic madness which has brought them to defeat and ruin, if they are able to resume their national life and if they know that the road to prosperity lies through well-directed energy and productive activities. In that case, moral dissolution will follow political dissolution, but otherwise the hope of a permanent peace is vain. It is for this reason that I emphasize the distinction between the political and economic solutions.

From the first days of the war English, French and Russian statesmen have declared that the struggle can only end with the destruction of Prussian militarism. Militarism is only an effect, and its destruction involves the dissolution of the German Empire and the Austro-Hungarian Monarchy, as well as the end of the Hapsburg and Hohenzollern dynasties.

Mr. Shadwell, who has special information of the situation in Germany, says:

"The war cannot be ended by negotiation or compromise, because no treaty of peace concluded with Germany would be worth the paper it is written on. None of the neutral countries trusts Germany now. Those nearest to her are armed to the teeth and anxiously watching their frontiers day and night, because

* See the *Journal des Économistes: Les Problèmes Économiques après la Guerre.* August and September, 1915.—*Journal de la Société de Statistique*, March, 1916: *Le Commerce International en* 1915. Communication de M. Yves Guyot.—"The Economic Policy of the Allies at the Conclusion of the War." Lecture to the Political and Economic Circle of the National Liberal Club, March 30th, 1916.

they know that their neutrality would be violated to-morrow if the Germans thought they could violate it with advantage. A neutral observer, who has recently studied the feeling in Switzerland, says that even the German-Swiss, who are sympathetic to Germany, do not trust her (*The Times*, December 17th)."*

VI.—The Economic War

The solution of the economic problem implies the abolition of protective duties in the countries of the Central Powers. Only in this way can the German market be kept open to Alsace and Lorraine after their re-incorporation with France. Great Britain, too, should retain her Free-Trade policy. The British working man who has joined the army will not expect to find on his return home that the prices of his bread and bacon have been increased by protective duties. France cannot continue to treat England, Belgium and Holland as economic enemies. She cannot refuse most-favoured-nation treatment to the United States of America. France can only rebuild her ruins if she obtains the necessary implements and materials at the lowest possible price. She can hope to recover her export trade only by reducing to a minimum her cost price, which will in any case be raised by the interest on the debt and the rapid repayment of advances by the Bank to the State.

Immediate necessities and the vital importance of preventing fresh wars compel us to return to long-term commercial treaties with a marked bias in the direction of Free Trade. Here a Colbertist will mockingly interrupt to remind me that " the votes of the Manchester Chamber of Commerce and the Conference of five hundred delegates of British Chambers of Commerce on the 29th of February show that the British have broken the idol of Free Trade." The English Press tell us that Mr. Bonar Law has expressed his approval of a scheme of the French Government for a commercial war against Germany. " That means an offensive and defensive alliance of the Allies against the German Powers."

I cannot discuss here the weight that should be given to the votes of those Chambers of Commerce. I admit that though thirty out of thirty-three members of the Committee of the Manchester Chamber of Commerce opposed the vote they have not been re-elected. But I may mention that Mr. Bonar Law was President of the Tariff Reform Committee before he became the Unionist leader.

* See the *Nineteenth Century and After*, January, 1916: *The Only Way to Lasting Peace.*

The fact is that at the moment we are all militarists, and it is hardly surprising that militarism is subduing and reforming economics. Under its influence any reaction is possible. The antiquated prejudices of the mercantile system have come to the front once more, thanks to the revival of that spirit of monopoly and commercial jealousy which inspired the wars between Holland and England, France, Holland and England, Spain and England, and which led to the prohibition of trade in wheat and wool between France and England. The object of such a system is to maintain a continental blockade in time of peace.*

It is said that the British Government desire to supplement the London Compact with another by which each of the Allies undertakes not to make a separate commercial agreement with their enemies without the approval of all the others. If this suggestion is accepted, the protectionists of France will lose that free hand in tariff questions of which they were so proud. We shall see what success will attend the efforts of the protectionists of the different Allied nations to find a basis of agreement for an alliance in an economic war.† I suspect that the attempt will lead to differences which can only weaken the strength of the political alliance. The present war, like its predecessors, has not vitiated the economic argument which Tooke enunciated in the Petition of the City Merchants in 1820: "The principle of buying in the cheapest market and selling in the dearest, which inspires the dealings of any individual merchant, is equally valid and commendable when applied to the commercial dealings of whole nations."

The war has not undermined any of the economic truths set out in the *Manifeste de la Ligue du libre-échange*. In particular, it has not vitiated the proposition, vehemently combated by the German, Friedrich List, that it is not States, but individuals, which have commercial dealings. "Free Trade" means commercial dealings between individuals without the intervention of an over-ruling third party. It has for long been adopted as the best system for the internal trade of nations with an advanced civilization, and it must become the basis of international trade.

YVES GUYOT.

April, 1916.

* See Yves Guyot: *Rapport Général de l'Exposition Franco-Britannique de* 1908.

† See *Journal des Économistes*, Vol. XLVI., p. 36.

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THE POLITICAL CAUSES OF THE WAR

The Causes and Consequences of the War

CHAPTER I

THE STARTING POINT

The Sarajevo trial—No connection between the assassination of the Archduke and the war.

ON the 28th of October, 1914, appeared an announcement that judgment had been given in the Sarajevo trial.

The prisoners Danilo Ilio, Veljko Cubrilovic, Nedo Kerovic, Misco Jovanonic and Jakov Milovic are sentenced to death by strangulation.

Mikar Karovic is condemned to imprisonment for life.

Danilo Princep, Nedjelko Cabrinovitch and Trifko Grabez are sentenced to imprisonment for twenty years.

The announcement was barely noticed. So momentous had been the consequences of the assassination of the Archduke Francis Ferdinand on the 28th of June, that the event itself had almost passed into oblivion. Nothing of the trial itself was known. Nine persons had been sentenced.

As the same penalty had not been pronounced in each case, the judges must have distinguished between the various degrees of guilt. Yet men who knew nothing of that crime have lost their lives by thousands and suffered every form of agony and mutilation, women and children have known every form of torture and death, thousands of houses have been destroyed, and sorrow and mourning have stalked through Serbia, Belgium, France, Great Britain, Russia, Germany and Austria-Hungary.

Why have these hordes of victims been sacrificed to the shade of the Archduke Francis Ferdinand ? How comes it that an act which alone concerned the lives and conscience of its perpetrators, whether principals or accessories, has led to a holocaust, the horror of which finds no parallel in human history or imagination ?

The Causes and Consequences of the War

In the June* issue of the *Journal des Économistes*, when examining the risks of war and the burden of armaments, I concluded my article thus :

> The statesmen of every country should make it their business to compare the importance of the objective causes of the risks of war with the crushing burdens of an armed peace. The disparity is patent. There remain the subjective causes which are not susceptible of calculation, being the outcome of certain psychological conditions to which no standard can be applied. Yet in the ordinary affairs of life it is assumed that men will behave as rational beings. Is it too much to hope that those who direct the destinies of nations will behave likewise ?

The present war shows that it was indeed too much to hope. The Emperors Francis Joseph and William II., and their advisers, Count Tisza, Premier of Hungary, Count Berchtold, President of the Austro-Hungarian Council of Ministers, Doctor von Bethmann-Hollweg, the German Imperial Chancellor, and Herr von Jagow, Minister for Foreign Affairs, have made the assassination of the Archduke an excuse for plunging Europe into the horrors of universal war.

There is no relation between the cause and the effect. The consequences are out of all proportion to the motive assigned. The mere fact of that disproportion amply justifies us in believing that these rulers and statesmen have committed themselves to a course of conduct which Teuton psychology can alone explain.

* 1914.

CHAPTER II

THE ULTIMATUM TO SERBIA AND THE DECLARATIONS OF WAR

The Austro-Hungarian claims and demands—Reply of the Serbian Government—Intentional coincidences—M. Poincaré's visit to Russia—The attitude of the German Government—*Démarches* of the ambassadors—Austria, Germany and Russia—Declaration of war on Russia on the 1st of August—Declaration of war on France on the 2nd of August—A tissue of falsehoods.

THE authors of this war, realizing the necessity of justifying themselves, in face of the responsibility they have assumed, to their contemporaries, compatriots and posterity, have tried with perverted and childish ingenuity to throw the onus on Russia, Great Britain and France.

Yet it was neither Russia, Great Britain, nor France which delivered to Serbia the ultimatum of the 23rd of July.

According to that ultimatum Serbia was held comprehensively responsible for the murder of the Archduke. It demanded that the Serbian Government should insert a three-paragraph notice on the front page of the "Official Journal" to the effect that "the Royal Government of Serbia condemn all propaganda directed against Austria-Hungary," and pledged itself "to proceed with the utmost rigour against all persons guilty of participation in such propaganda."

The Serbian Government was to pledge itself also:

(1) To suppress every publication which incites to hatred or contempt of the monarchy.

(2) To suppress immediately the Society known as "Narodna Odbrana."

(3) To purge public instruction of anything which serves, or might serve, to foment the propaganda against Austria-Hungary.

(4) To dismiss from the Army and administration all officers and functionaries guilty of participating in propaganda against the Austro-Hungarian monarchy.

(5) To accept the collaboration in Serbia of representatives of the Imperial and Royal Government in the suppression of the subversive movement directed against the territorial integrity of the monarchy.

(6) To institute proceedings against all participants in Serbia in the plot of the 28th of June. Delegates appointed by the Imperial and Royal Government will take part in the investigation relating thereto.

(7) To arrest without delay Voïslav Tankossitch and one Milan Ziganovitch, an employee in the Serbian state service, whose complicity in the Sarajevo crime has been established.

(8) To prevent the Serbian authorities from co-operating in the illicit traffic in arms and explosives across the frontier; to dismiss and punish severely the officials of the frontier service at Shabatz and Loznica who were guilty of aiding and abetting the authors of the Sarajevo crime by assisting them to cross the frontier.

(9) To give to the Imperial and Royal Government an explanation of the unjustifiable utterances indulged in by high Serbian officials both in Serbia and abroad.

(10) To notify the Imperial and Royal Government immediately on the execution of the measures herein set forth.

The Imperial and Royal Government expects the reply of the Royal Government not later than six o'clock in the evening of Saturday, the 25th of this month.*

There followed a commentary in which the Austro-Hungarian Minister affected to set forth the circumstances under which the note was delivered. It held up to contrast the hostile attitude of Serbia and the long-suffering benevolence of which Austria-Hungary was giving yet further proof. It contained the following paragraph:

"The Imperial and Royal Government are convinced that in taking this step they will find themselves in full agreement with the sentiments of all civilized nations, who could not allow regicide to become a weapon that can be used with impunity for the realization of political aims, nor the peace of Europe to be in perpetual jeopardy from the machinations emanating from Belgrade."

The five paragraphs which followed recited the various parts played by the individuals mentioned in the ultimatum.

That this ultimatum inspired terror in Serbia is proved by the character of the reply, which granted all the demands with the following reservations:

(5) The Royal Government must confess that they do not quite grasp the meaning and extent of the Imperial and Royal Government's demand that Serbia shall agree to accept the collaboration on her own territory of officials of the Royal and Imperial Government; but they declare that they will admit such collaboration as is consistent with the principles of international law and criminal procedure, as well as good neighbourly relations.

* See the British White Paper.

(6) The Royal Government have no need to assert that they consider it a matter of duty to open an inquiry against all persons on Serbian soil who, now or hereafter, may be shown to be guilty of complicity in the plot of the 15th of June.* As for the participation in this inquiry of Austro-Hungarian agents or authorities appointed for that purpose by the Imperial and Royal Government, the Royal Government cannot accept it, for it would be a violation of the Constitution and the law of criminal procedure. However, in specific instances, information as to the results of the investigation in question might be given to the Austro-Hungarian agents.

(7) Voïslav Tankossitch has been arrested, but Milan Ziganovitch had escaped and he was a subject of the Austro-Hungarian monarchy. The Serbian Government asked that the presumptive evidence and eventual proof of their guilt might be communicated to them in the ordinary way.

All the accused were Austro-Hungarian subjects. The Austro-Hungarian Government when drawing up this unprecedented diplomatic document knew that Serbia could not accept, without fatally compromising her independence, the two paragraphs in respect of which she made her reservations.

This ultimatum to Serbia, requiring an answer within forty-eight hours, had been delivered on the 23rd of July, a day on which M. Pashitch, the Serbian Prime Minister, was far from Belgrade. At Vienna only Herr von Tschirschky, the German Ambassador, knew of it.† All the other embassies had found the silence of the Ballplatz so profound and reassuring that on the 20th of July the Russian Ambassador had left Vienna for a fortnight's holiday. On the 22nd and 23rd of July the French Ambassador had two interviews with Baron Macchio, Under-Secretary of State for Foreign Affairs. After the first he came away with the impression that the Austro-Hungarian Government would take no step to which any Government could legitimately object. At the second he was not even told that the Note had been presented the same day nor advised of its intended publication on the following day. Sir Maurice de Bunsen, who saw the other Under-Secretary, Count Forgach, on the same day, had been more fortunate and learned both the fact of its presentation and the character of its contents. The Italian Ambassador, the Duke of Avarna, was left entirely in the dark. Not one of the ambassadors except the German was told anything by Count Berchtold of the

* Old Style.

† See the report of Sir Maurice de Bunsen, No. 161, "Great Britain and the European Crisis," the British White Paper.

momentous event then preparing. During the forty-eight hours which preceded the presentation of the Note he had left for Ischl, where he was inaccessible to ambassadors. It is true that as early as the 15th of July Sir Maurice had been aware of its existence, but his information was derived solely from a private source. It is also true that the *Neue Freie Presse* and other journals were using threatening language to Serbia; but the government organ, the *Fremdenblatt*, was more moderate in tone; so much so that, as Sir Maurice de Bunsen said, "the prevailing opinion among my colleagues was that Austria would shrink from courses calculated to involve her in grave European complications."*

The Note was published on the 24th of July and no one hesitated to describe it as an ultimatum. At one moment a rumour gained currency that Serbia had accepted it in its entirety. Disappointment was general in Vienna, but the same evening it became known that the Serbian reply contained reservations and that the Austrian Minister, Baron Giesl, had broken off diplomatic relations with Serbia. There was a wild outburst of enthusiasm—kept under control, however—in Vienna and other Austrian towns. Both the Press and the Street demanded immediate war with Serbia as a fitting punishment for the Sarajevo crime.

While the Ballplatz thus kept the French Ambassador in ignorance, they knew that the President of the Republic and the President of the Council, returning from Russia, could not reach France for four or five days. It is hardly a bold conjecture that this coincidence was no mere accident.

At St. Petersburg, on the 24th of July, M. Sazonof, the Russian Minister for Foreign Affairs, said to Sir George Buchanan, the British Ambassador, that Austria would never have embarked on so provocative and immoral a course without first being assured of the support of Germany.

The German Government denied, and continues to deny, that they knew anything about the ultimatum. Yet after the 24th of July they declared that "the demands of the Austro-Hungarian Government seemed just and reasonable." How did they arrive at that conclusion if they had not been acquainted with those demands? They added that "the dispute is one which concerns Austria-Hungary and Serbia only. The Imperial Government desire that the conflict

* See the British White Paper.

may be localized. Any intervention by another power may entail incalculable consequences." Already, on the day on which the ultimatum was launched, they had issued a decree of partial mobilization.

"On the morning of the 25th of July the garrisons of Alsace-Lorraine had been confined to barracks. On the same day the frontier works had been put into a state of war. On the 26th they had issued orders to the railways to take preliminary measures for the concentration of troops. On the 27th the necessary requisitions had been completed and the covering troops were in position."*

Sir Edward Grey told Count Mensdorff, the Austro-Hungarian Ambassador in London, that the Serbian reply was the greatest humiliation that he had known any state to suffer, and that he was bitterly disappointed to learn that it was regarded as unsatisfactory by the Austrian Government.

If the Austrian Government's sole concern was to guard themselves against Serbian aggression, they might have secured, by the way of diplomacy, the goodwill of Russia and the other Powers.

As soon as the Serbian reply was received, the Austrian mobilization was completed.

On the 27th of July, Sir Edward Grey announced in the House of Commons that he had suggested a joint *démarche* at Vienna and St. Petersburg of the English, French, German and Italian ministers. The suggestion was accepted by France and Russia, but declined by Germany. When communicating this suggestion to Count Berchtold on the 28th, Sir Maurice de Bunsen was careful to avoid the word "mediation," lest Austrian susceptibilities should be hurt. The Austrian Minister replied that war would be declared on Serbia the same day. In reply to certain observations of Sir Maurice de Bunsen, Count Berchtold expressed an opinion that Russia had lost any right to intervene from the moment that Austria assured her that she aimed at no increase of territory. It seemed to be his view that to reduce an independent state to a condition of vassalage was less serious than to appropriate a part of it. Evidently the Ballplatz considers the whole less than the part.

All the ambassadors, except the German, did what they could to preserve peace.

The question was whether Count Berchtold, with all his arrogance,

* See the Memorandum of the 4th of August issued by the French Government.

was really prepared to defy Russia or was hoping that Austria-Hungary could renew her challenge without greater risk than in 1908.

On the next day, July 29th, the Austrian Ambassador at Berlin told Sir Edward Goschen that a European war was a remote contingency, "Russia being unwilling and in no condition to make war." On the 28th, in answer to the request of M. Schebeko, the Russian Ambassador, Count Berchtold had refused to authorize Count Szápáry, Austro-Hungarian Ambassador at St. Petersburg, to begin conversations with M. Sazonof. But two days later, after Russia had ordered a partial mobilization against Austria, he gave his consent without reserve and in the most friendly terms. Agreement seemed well within sight. On the 1st of August Sir Maurice de Bunsen was informed that Count Szápáry had told M. Sazonof that Austria had consented to submit to the arbitration of the powers those points in her Note to Serbia which seemed incompatible with the independence of that State. M. Sazonof had asked that Austria should not invade Serbia. On the 1st of August, Count Mensdorff, the Austro-Hungarian Ambassador in London, assured the Foreign Office that Austria had never shut the door on a peaceful solution nor broken off conversations. The Austrian Ambassador in Paris gave a similar assurance. On the other side, M. Schebeko had employed the most conciliatory language at Vienna and had told Sir Maurice de Bunsen that the tone of Count Berchtold had been no less friendly. The general opinion was that Austria was merely seeking some means to cover her retreat.

Unhappily the supreme direction of affairs had already passed from the Ballplatz to the Wilhelmstrasse. On the evening of July 29th, Sir Edward Goschen, the British Ambassador at Berlin, had been asked to meet the Chancellor, who had just returned from Potsdam. The Chancellor's object in this interview was to secure Great Britain's neutrality, in return for which he was prepared to guarantee that Germany would make no territorial acquisition on the Continent at the expense of France. Sir Edward Goschen having questioned him as to whether that covered the French colonies, he replied that the guarantee could not be extended. He was quite willing to pledge Germany to respect the neutrality of Holland but Germany would be compelled to pass through Belgium. If Belgium made no resistance, Germany would, at the conclusion of the war, leave her territory intact.

The Ultimatum to Serbia and the Declarations of War

While conversations were still in progress at Vienna, Berlin had proclaimed a state of war on the 31st of July and instructed Count Pourtalès, German Ambassador at St. Petersburg, to hand to the Russian Minister for Foreign Affairs an ultimatum comprising a declaration that if Russia did not start demobilizing both as regards Germany and Austria before midday of Saturday (the next day), the German Government would be compelled to issue a decree of general mobilization.

The same day that witnessed this hostile step towards Russia witnessed even more hostile acts towards France, acts such as the rupture of telephonic, road and railway communications, the seizure of French locomotives at the frontier, the placing of machine-guns on the railway track, which had been torn up, and the concentration of troops along the frontier.*

On the 1st of August Germany declared war on Russia. On the 2nd, she violated the neutrality of Luxemburg, delivered an ultimatum to Belgium, and crossed the French frontier at three points. On the 3rd she declared war on France in the following terms :

" Paris, August 3rd.

" Monsieur le Président,

" The civil and military authorities have reported certain hostile acts committed on German territory by French military aviators.

" Several of these aviators have openly violated the neutrality of Belgium by flying over that country. One attempted to destroy buildings near Wessel, others have been seen in the Eiffel district while another has thrown bombs on the railway near Carlsruhe and Nuremberg.

" I have instructions to inform Your Excellency that in view of these aggressions, the German Empire considers itself in a state of war with France.

" I have also the honour of informing Your Excellency that the German authorities will detain French merchant vessels found in German ports but that they shall be released if within forty-eight hours a guarantee of reciprocal treatment is forthcoming.

" My diplomatic mission having thus come to an end, it only remains for me to ask Your Excellence to furnish me with my

* See the Memorandum of the French Government.

passports and to take the steps necessary to assure my return to Germany with the embassy staff, as well as the staffs of the Bavarian Legation and the German Consulate at Paris.

"I beg you to accept, Monsieur le Président, the assurance of my highest regard.

"Signed: SCHOEN."

The French Government were in a position to state that no French aviator had even been in or over Belgium and that similarly no French aviator had committed hostile acts either in Bavaria or elsewhere in Germany. The excuses put forward were a fitting climax to the series of threats, intrigues and lies.

Yet the German Government could not put forward similar excuses to the Belgians on whom war was declared on the 5th of August, two days after their territory had been violated.

In a dispatch of the 4th of August, the German Minister for Foreign Affairs told Prince Lichnowsky, Ambassador in London, to assure Sir Edward Grey that Germany would annex no portion of Belgium even if the Belgians resisted in arms. "It is obvious that we could not profitably annex Belgian territory without making at the same time territorial acquisitions at expense of Holland. German army could not be exposed to French attack across Belgium. . . . Germany had consequently to disregard Belgian neutrality, it being for her a question of life or death to prevent French advance."

On the 3rd of August Italy declared her intention of remaining neutral. On the 4th, Great Britain summoned Germany to respect the neutrality of Belgium, and receiving no answer, declared war. It was not until the 6th of August, the date itself demonstrating Austria's eleventh-hour hesitation, that Count Berchtold announced that "Russia had begun hostilities against Germany" (that Power having declared war on Russia on the 1st of the month), and that, therefore, Austria-Hungary was under the necessity of considering that a state of war existed between herself and Russia. Yet she did not recall her ambassadors from London and Paris. Both Great Britain and France were compelled on the 13th of August to intimate that they considered that a state of war existed between themselves and Austria-Hungary.

On the 9th of August Montenegro declared war on Austria. On the 16th Japan delivered an ultimatum to Germany, and on the 24th declared war. The same day Austria declared war on Belgium.

CHAPTER III

THE AUSTRO-HUNGARIAN MONARCHY AND THE SLAVS

Austria expelled by Prussia—Bismarck, the "Man of Blood and Iron"—Andrassy—Discord within the Austro-Hungarian Monarchy—Russia not the author of Pan-Slavism—The Austrian Government and the Slavs—The Emperor Nicholas and John Sobieski—The hegemony of the Balkans—The Treaty of Berlin—The independence of Serbia—The Germans and Magyars numerically inferior to the Slavs—Bulgaria and Eastern Roumelia—Annexation—The Germans and Magyars *versus* the Slavs—"The Pig War"—The declaration forced on Serbia by Count Aehrenthal—The trial of Dr. Friedjung.

FROM the Treaty of Westphalia (1648) onwards the keynote of Prussian policy was the destruction of the Austrian hegemony in Germany. In 1834 she gained for herself economic hegemony by the foundation of a customs union—the "Zollverein." From 1859 to 1863 Austria bent all her efforts to build up a national union with the German princes. Prussia resolutely stood out. Bismarck, who came into power in 1862, put the matter with brutal frankness: "Austria must give up thoughts of Germany and shift her centre of gravity to Ofen" (the German name for Buda-Pest). He and King William devoted their unflagging energies to building up an army strong enough to defeat Austria. When speaking on an Army Bill, Bismarck once said in the Prussian Diet: "The unity of Germany will never be realized by speeches and votes, but by blood and iron." It was, in fact, realized by three wars—one against Denmark in 1864, another against Austria in 1866, and a third against France (1870–71).

After Sadowa Bismarck was anxious not to humiliate Austria. No territorial acquisitions were made and the military clique was denied its projected triumphal entry into Vienna. The Prussian statesman counted on a future alliance with the beaten foe. After the foundation of the German Empire in 1871 the alliance was duly effected. Francis Joseph cherished no ill-feeling and became virtually the vassal of his mighty friend, the Emperor of Germany. The terms of the

alliance were drawn up in 1874 by a Hungarian, Count Andrassy, who had succeeded Count Beust in September, 1871.

The two Governments in Vienna and Buda-Pest are habitually in conflict with the Slav majority of their subjects. Slav aspirations are the nightmare of statesmen in those two capitals; but instead of conciliating the Slavs, they have never ceased to provoke their antagonism, both at home and abroad. The result is what might have been expected. All Slav peoples, notably those who are subject to the domination of the Austro-Hungarian Monarchy, look for help outside. Where else can that be but Russia? Not Russia, but the ruling powers in Austria-Hungary have been the creators of Pan-Slav aspirations.

Another ironical result of this Austrian policy is that His Imperial and Royal Apostolic Majesty has for some time found himself in league with the infidel Turk, the sworn foe of the Christian peoples in the Balkan Peninsula.

In 1815 Austria opposed the grant of independence to Serbia on the ground that such an example could not fail to encourage Slav aspirations within her own borders. She likewise opposed the liberation of Greece because the weakening of Turkey was to Russia's interest. Austria's answer to the Russo-Turkish War of 1829 was an attempt to form a coalition against the Slav power. In 1849 Francis Joseph appealed to Russia to subdue Hungary; but in 1854 he turned against his deliverer, whom the threat of 200,000 men compelled to make peace. It is said that shortly after that event the Emperor Nicholas II. was looking at a portrait of John Sobieski, who forced the Turks to raise the siege of Vienna in 1683. "He and I," he remarked, "have been equally stupid, for we both rescued Austria and both of us have received her ingratitude as our reward."

Cast out from Germany, Austro-Hungarian statesmen have had one ruling passion—to establish an Austrian hegemony in the Balkans. In this passion they have been encouraged by German statesmen, fearful lest Austrian glances should again turn northwards. By preventing Austria from intervening in the Russo-Turkish War of 1877, Bismarck thought he had paid off his debt to Russia for her neutrality in 1870. Yet the Treaty of San Stefano gave the hegemony of the Balkans to Russia. Austria, exiled from the German Confederation, saw herself driven forth from the South and South-East also

At this period the integrity of the Ottoman Empire and the closing of the Straits to Russia were the cardinal dogmas of British foreign

policy. Bismarck and Lord Beaconsfield were of one mind in robbing Russia, at the Congress of Berlin, of much that she had gained by the Treaty of San Stefano.

Article 34 recognized the independence of the Principality of Serbia. Article 25 dealt with the subject of compensation in these terms :

" The provinces of Bosnia and Herzgovina will be occupied and administered by Austria-Hungary. As the Austro-Hungarian Government have no wish to undertake the administration of the Sanjak of Novi-Bazar, which separates Serbia from Montenegro, the existing Ottoman administration shall not be disturbed. Nevertheless, in order to assure the stability of the new arrangements and to guarantee the security of the means of communication, Austria-Hungary reserves to herself the right to maintain a garrison and to have military and commercial routes throughout that part of the ancient vilayet of Bosnia."

Bismarck seemed to be making Austria a handsome present, but in reality he was only adding to her difficulties. For centuries the Viennese Government had been trying to germanize its subject Slav, Magyar, Roumanian and Latin populations. Since Sadowa and as the result of the compromise of 1867, the Austro-Hungarian Monarchy had consisted of the Austrian Empire and the crown lands of Hungary. Yet the Germans and Magyars, the two dominant races, were in a numerical minority in 1878, and have always remained so, as the lingual census of 1880, not to mention that of 1910, clearly establishes.*

Cis.=Cisleithania. Tr.=Transleithania. B. and H.=Bosnia and Herzgovina. (These two provinces were not mentioned in the census of 1880.)

	(In thousands.) 1880.	*Total.*	(In thousands.) 1910.	*Total.*
Germans (Cis.)	8,008	9,890	9,950	12,010
— (Tr.)	1,882		2,037	
B. and H.			23	
Hungarians (Tr.)	6,207	6,217	10,050	10,067
— (Cis.)	10		11	
B. and H.			6	
Bohemians, Moravians, Slovaks (Cis.)	5,180	6,979	6,436	8,474
— (Tr.)	1,799		2,031	
B. and H.			7	
Poles	3,238		5,019	

* V. B. Auerbach, *Les Races et les Nationalités en Autriche-Hongrie.* (Paris, F. Alcan.)

	(In thousands.) 1880.	*Total.*	(In thousands.) 1910.	*Total.*
Ruthenians (Cis.)	2,793	3,138	4,000	
— (Tr.)	345			
Slovenes	1,140		1,349	
Croats and Serbs (Cis.)	563	2,889	783	3,722
— (Tr.)	2,326		2,939	
B. and H.			1,882	
Roumanians	2,326			
Latins and Ladins	669		801	

Putting aside the Roumanians, Latins and Ladins, Gypsies, and other small groups, we reach the following figures :

	(In thousands.) 1880.	1910.	Percentage of increase.
Total population	37,400	51,400	37.8
Germans	9,900	12,000	20
Magyars	6,000	10,000	66
Slavs	17,400	20,877	26

The increase in the Magyar population is so striking as to excite a query whether it is due to the excess of births or perhaps to some mode of census-taking which reckons as a Magyar any man speaking their language in Transleithania. Notwithstanding this enormous increase, the Magyars still form less than 20 per cent. of the total population of the Austro-Hungarian Monarchy. The Germans formed 23.5 per cent. and now form 27 per cent.

Both Germans and Magyars are numerically inferior to the Slavs, who formed 45 per cent. in 1880 and 44 per cent. in 1910. The census of this latter year took count of 1,822,000 Croats and Serbs inhabiting Bosnia and Herzgovina.

The Austro-Hungarian Governments complained of having too many Slavs, yet in 1879 they added to the number. Such was the diplomatic success they owed to Bismarck and they demonstrated their gratitude in the next year by forming that alliance with Germany which has reduced the Hapsburg Monarchy to the level of a satellite of the Hohenzollern Empire.

The Austro-Hungarian Monarchy had received the gift of the administration of Bosnia and Herzgovina, but effective possession had not been made over by the plenipotentiaries of Berlin. The inhabitants of the two provinces, who had been the authors in 1875 of the struggle which drew in Serbia and Montenegro in 1876 and finally Russia in April 1877, revolted at the prospect of being handed over to the Germans of Vienna. Austria had to send more than two

hundred thousand men to subdue them. This army shot as rebels those chiefs and soldiers on whom it could lay hands and left behind it the memory of wrongs which time has done little to efface. The administration of Baron Joseph von Szlavy led to the insurrection of 1881–1882.

The affairs of Bosnia and Herzgovina are managed by the joint Minister of Finance. Von Kállay held that position from 1882 to his death in 1903. It may be admitted at once that his administration and reforms did much for the prosperity of the provinces. He established a civil service, harmonized Mohammedan law with existing legislation, inaugurated many great public works, and reorganized the system of finance and education. But even he failed to reconcile the inhabitants of the two provinces to Austrian rule.

In 1885 Bulgaria violated the Treaty of Berlin by annexing Eastern Roumelia with the approval of Germany, Austria and Russia.* The other Powers raised no protest. Serbia, hoping to make capital out of Bulgaria's difficulties, declared war on her, but was beaten and would have been overwhelmed had not Austria intervened. By the Convention of Top-Khané, Bulgaria compelled the Sultan to recognize Prince Alexander as Governor-General of Eastern Roumelia. In reality, the convention set the seal on the union of the two countries.

In 1908 Austria rendered valuable service to Germany at the Algeçiras Conference and Russia was in the midst of an exhaustive process of reorganization after her war with Japan. Consequently Austria could count on solid support on one side and feeble opposition on the other if she violated the Treaty of Berlin. The Young Turks had just taken the reins at Constantinople. Count Aehrenthal and, it is said, the Archduke Francis Ferdinand decided on the annexation of Bosnia and Herzgovina to the Austro-Hungarian Empire and communicated their decision to the world by a Note dated October 5th, 1908. Austria-Hungary gave up her claims in the Sanjak of Novi-Bazar, and gave the following explanation of her conduct :

" Bosnia and Herzgovina have to-day—thanks to the unflagging labours of the Austro-Hungarian Administration—attained a high degree of prosperity and culture. The moment seems to have come to crown the work so auspiciously begun by granting to these provinces the benefits of constitutional autonomy which is fervently desired by the entire population."

Bosnia and Herzgovina, thus absorbed in the Hapsburg Empire,

* *Infra,* Ch. VII.

have waited in vain for their constitutional autonomy. Austria's calculations proved accurate. Russia could not intervene. France and Great Britain had too little direct interest in the question to take steps which might lead to war without Russian co-operation. The ultimatum of July 23rd, 1914, was only launched by Vienna on the assumption—nay, rather the conviction—that Russia would stand aside as in 1908.

On February 29th, 1909, Turkey recognized the annexation. On the 6th of April the independence of Bulgaria was recognized. Serbia and Montenegro, whose protests had been vigorous and sustained, had no option but to submit to destiny.

The Germans of Cisleithania and the Magyars of Transleithania have never been able to assimilate the Slavs. There has never been any sentiment other than hatred between the dominant and subject races of the Hapsburg Empire. The sole business of the Government of a country in which the Slavs predominate numerically is to foment antagonism with the Slavs of Russia and the Balkans, as formerly they lived on strife with the Turks. To achieve that end they have bound up their destinies with those of Germany. But to combat Slavdom they have increased the number of their Slav subjects by annexing Bosnia and Herzgovina, in defiance of the Treaty of Berlin of 1878. This bold stroke of Count Aehrenthal and the acquiescence of Europe filled Austria with pride. In reality it was the policy of the simpleton. "We don't know what to do with our Slavs. Let us have more of them."

From Potsdam and the Hofburg a vision of oriental splendour drew the eyes of the two Emperors and their advisers. The professors never ceased to speak of the *Drang nach Sudosten*, the "March to the South-East," and there were even French writers and statesmen who lent reality to these chimeras by puffing the wonderful genius of the Kaiser and the perspicacity of the Ballplatz. "Salonica will be one day the halfway-house on the highway from Port Said to Vienna or Hamburg, the meeting-place of Germany and India."* Politicians, going to economics rather than to probability for their arguments, were already connecting up Salonica with Constantinople and the Bagdad Railway. To India by rail, forsooth!

Unfortunately Serbia lies between Austria and the Aegean Sea,

* See the *Journal des Économistes* of November, 1912: *La Question d'Orient et les conflits économiques*, p. 190, June, 1914. *Les risques de guerre et les charges militaires*, p. 361.

and as if oppression could remove geographical barriers as well as destroy the mutual sympathies of Serbs, Croats and the Slavs of Bosnia and Herzgovina, Austrian and Hungarian statesmen have long carried on a campaign of intimidation.

The Emperor Francis Joseph accompanied the declaration of war on Serbia with a proclamation to his people, in which the enemy was roundly abused; but it is far easier to draw a formidable indictment against his Government.

Doubtless he was right in recalling Austria's services to Serbia in 1885, when on the point of annihilation by Bulgaria; but then Serbia had rewarded her with docile gratitude up to the death of King Milan in 1901.

King Alexander Obrenovitch tried to liberate his country, but was assassinated along with his wife in 1903. The Austrian Government based high hopes on the restoration of the House of Karageorgevitch but disillusionment was in store. When Serbia concluded a customs union with Bulgaria in 1905, Austria-Hungary did her best to ruin its prospects by closing her frontiers to Serbian cattle and swine. I have told elsewhere how a Frenchman from Bordeaux, M. Bigeon, by guaranteeing the purchase of 150,000 pigs a year, enabled Serbia to negotiate a loan and thus procure arms. The independence of Serbia dates from this "Pig War."*

The next stage was reached in October, 1905, in a conference at Fiume which saw the last of the old dissensions between the Orthodox Serbs and the Catholic Croats.

In 1907 the Austro-Hungarian Government arrested fifty-three Southern Slavs on a charge of high treason; but the Agram trial showed that the alleged plot was an elaborate fiction of an *agent provocateur*. In 1909, after the annexation of Bosnia and Herzgovina, Count Aehrenthal compelled the Serbian Government to sign a Note, of which the following were the principal passages:

"Serbia recognizes that her rights are not affected by the changes in the status of Bosnia; accordingly she will accept the decisions arrived at by the Powers in respect of Article 25 of the Treaty of Berlin.

"Serbia, in conformity with the advice of the Great Powers, pledges herself to abandon her attitude, maintained since October last, of protest and opposition to the annexation. She promises, further, to change her policy towards Austria-Hungary and henceforth to cultivate good neighbourly relations with that Power."

The humiliation of a people is no more likely to earn their goodwill

* *Journal des Économistes*, November, 1912, p. 184.

than an affront to an individual. A note of that character could do nothing to improve the relations between Serbia and Austria-Hungary and, indeed, the Ballplatz set itself to aggravate them. In December, 1909, the members of the Serbo-Croat coalition in the Diet of Agram prosecuted Dr. Friedjung, who had accused them of high treason, and it then appeared that his accusation had been based on a document supplied by the Austro-Hungarian Ministry for Foreign Affairs, which was no more than a forgery of a member of the Austro-Hungarian Legation at Belgrade.*

This policy, so far from provoking dissension between Serbia and the Southern Slavs of Austria, drew them together.

The Emperor Francis Joseph has told us that he has no desire to annex Serbia. We can well believe it, for annexation would only mean the addition of three millions (five millions if New Serbia were included) to the Slavs who already outnumber the Germans and Magyars in the Austro-Hungarian Monarchy. The Austro-Hungarian Government only wished to "punish" Serbia. For what? The Archduke's murderers were subjects of His Majesty the Emperor of Austria and King of Hungary.

This monarch tells us that Austria only wishes to gain by her arms guarantees which will ensure her permanent peace and the cessation of internal disorder. How has she set about her task? By reducing Belgrade to ruins and wantonly killing innocent men, women and children. This was the necessary if unconvincing justification of the ultimatum of July 23rd; but at bottom it was as irrelevant as the pretext put forth by Francis Joseph. Count Berchtold was certain that, as in 1908, Russia would not move. He only intended to bluff and by taking up a bullying attitude show the world that none dare challenge Austria, that Russia was merely an impotent mass, imposing only in inaction, and that France and Great Britain were too impressed by the menace of the German fleet and army to make effective protest.

But from the moment that Russia took action and France supported her Count Berchtold's one thought was of retreat. So well was this known to the German Chancellor that at midnight of July 31st he instructed Count Pourtalès to break down the bridges behind him. On the next day Count Berchtold must have learned that he had only been a tool in the hands of the Wilhelmstrasse.

* See *Le Manifeste des Kulturkrieger*. The story, told by Mr. H. Wickham Steed in his *Hapsburg Monarchy*, is published there.

CHAPTER IV

THE GERMAN AUTOCRACY

The Hohenzollerns—Voltaire's description of Frederick William—Frederick II. —Bismarck—The wars of 1866 and 1870—Political motives for war—The Constitution of the German Empire—Germany is not a nation—The Bundesrat—The King of Prussia as Emperor—Peace and war are outside the province of the Reichstag—Divine Right of the Emperor—His absolutist declarations.

IN 1417 Frederick of Hohenzollern, Burgrave of Nuremburg, bought the Marquisate of Brandenburg from the Emperor Sigismund. In 1618 one of his successors, John Sigismund, bought from the Teutonic Knights a small plot of territory beyond the Vistula, of which the most remote corner lay on the other side of the Niemen. It was called Prussia. Although it formed no part of the Empire, Frederick II. obtained the sanction of Sigismund to erect his dominions into a kingdom (1701), and betook himself to Königsberg, there to be crowned as Frederick I.

Voltaire has left us in his *Memoirs* the following description of his successor, Frederick William :

"He was a true Vandal, who throughout his reign had no thought save to amass money and gather about him, with a minimum of expense, the finest troops in Europe. No King was ever richer than he, no subjects were ever poorer. At a scandalously low price he bought the nobility out of most of their estates, and while they squandered half the purchase-money the other half returned to the royal coffers as taxation. . . .

"Turkey is a republic in comparison with the despotism of Frederick William. When Frederick William had attended a review he would sometimes take his walk in the town. The townsfolk fled at his approach. If he met a woman he would ask her why she was wasting her time in the street. 'Go home, hussy,' he would say, and as often as not accompany his admonition with a box on the ear, a kick in the stomach, or a shower of blows with his cane."

His son, the future Frederick II., was brought up in the same hard school, and at length, tired of his father's treatment, resolved to run

away. Frederick William promptly executed his friend and accomplice, Kat, and then condemned his son to the same fate. The young Frederick only escaped thanks to the direct intervention of the Emperor Charles VI. On succeeding to the throne, Frederick lost no time in making war on the daughter of his benefactor, Maria Teresa, Queen of Hungary and Bohemia, in order to rob her of Silesia. He has himself given us a frank exposition of his motives in his *Memoirs:* "My reasons for making war were my troops, always ready for instant action, my well-filled treasury and my mercurial temperament. Ambition, interest, and the desire to get myself talked about prevailed with me and war was declared." But his troops were already in Silesia when Baron von Gotter, his minister at Vienna, counselled Maria Teresa to submit with good grace and surrender three-quarters of that province to his master the King-Elector, in return for which the King of Prussia would lend her three million crowns and make her husband Emperor.

"I take first," Frederick used to say, "and afterwards there is no difficulty about finding some pedant to prove my claims."

Such traditions are by no means extinct.

The First Minister was a clerk. "The Secretaries of State sent all their dispatches to the King's clerk who made an abstract of them. The King wrote the answers in a couple of words on the margin. Thus was all the government business transacted in an hour. His royal father had left such perfect order in the finances and there was such an atmosphere of military precision and blind obedience that four hundred leagues of country were governed like an abbey."

Mirabeau, speaking of Prussia at the end of Frederick the Great's reign, said: "War is the national industry of Prussia." Bismarck, bent on the foundation of a German Empire under Prussian domination, used war as an instrument of policy. The war of 1866 eliminated Austria from Germany, subdued Bavaria, Würtemberg, Saxony, Hanover, the two Hesses, Nassau, Baden, Frankfort, increased Prussian territory, and led to the Confederation of the North. Bismarck has related, in his *Reflections and Reminiscences*, his motives in tampering with the Ems telegram in 1870 so as to provoke war:

"The German feeling, which in the southern states, lived along with the individual and dynastic state feeling, had, up to 1866, silenced its political conscience to a certain degree with the fiction of a collective Germany under the leadership of Austria, partly from South German preference for the old imperial state, partly in the belief of her military superiority to Prussia. After events

had shown the incorrectness of that calculation, the very helplessness in which the South German states had been left by Austria at the conclusion of peace was a motive for . . . the willing conclusion of the offensive and defensive alliance with Prussia. . . . I felt convinced that the gulf which diverse dynastic and family influences and different habits of life had in the course of history created between the south and north of the Fatherland could not be more effectually bridged over than by a joint national war against the neighbour who had been aggressive for many centuries." [France.] (Vol. II., p. 97.)

Bismarck realized his hopes. It was not as the leader of princes, nor yet by the choice of the nation that King William of Prussia gained the imperial crown. He assumed it in the Palace of Versailles, in the midst of his army, as a corollary to the ruin of France. The German Empire is itself a thing of blood and iron, created for the advantage of the King of Prussia. Therein lay the measure of Bismarck's success. He made him the autocrat of Germany.

The German Empire is a legal entity of twenty-five members and more than sixty-five million subjects. "The individual States, not the individual citizens, are the members of the German Empire," said Paul Labaud.* The sixty-one plenipotentiaries of these States (which include Alsace-Lorraine) form the Federal Council of the Empire (Bundesrat). Prussia sends seventeen, Bavaria six, Saxony four, Würtemberg four, the Grand Duchy of Baden three, Alsace-Lorraine three, Mecklenburg-Schwerin two, the Duchy of Brunswick two, the other states and the three free cities of Lübeck, Bremen and Hamburg one each. Frankfort has no representative, having been annexed in 1866.

The members of the Bundesrat do not vote in accordance with their private opinions, but solely on instructions from their constituents. They are merely the diplomatic *chargés d'affaires* of the other States of the Confederation accredited to the King of Prussia. Prussia has never had any difficulty in securing a majority. Bribery and menace have succeeded when other means have failed. The Sovereign participates in the work of the Bundesrat, not as Emperor, but as King of Prussia, a constituent State, but he has a casting vote because he is the president.

The legislative authority resides in the Bundesrat and the Reichstag, but the Bundesrat takes no part in administration and only sits from time to time.

By Article 11 of the Constitution, the King of Prussia is President

* *Le Droit public allemand.*

of the Federation with the title of German Emperor. He represents the Empire in its international dealings, concludes alliances with foreign States, and declares war or makes peace in the name of the Empire. War can only be declared with the consent of the Federal Council unless an attack is made on the land or sea frontiers of the Confederation. In any case, the Reichstag has no voice on this issue—a feature of the German Constitution which is specially significant. The Reichstag represents the whole mass of subjects and thus the nation is shut out from any expression of opinion on the question of peace or war. This is the affair of the Emperor, and, in the second degree, the Bundesrat. It does not concern the Reichstag.

In spite of the restrictive final clause, however, the Emperor enjoys absolute authority in all questions of international policy. William II. summoned the Bundesrat on the 1st of August, the same day that war was declared, but he had already prepared the attack on Serbia in conjunction with Austria; he had launched his ultimatum against Russia and, if we are to accept a statement in his declaration of war on France, he considered that aviators had made an attack on German territory. He did not await the approval of the Bundesrat to begin hostilities and that approval was not necessary for the violation of Belgian neutrality. As he alone directs German foreign policy, with him must rest the entire responsibility. With him also, as supreme head of the army, must rest the responsibility for its methods and conduct of war. Prussian military law is in force throughout the whole Empire.

The King of Prussia is King by right divine. He is Emperor because he is King of Prussia; therefore, he is Emperor by right divine. That is the fundamental notion on which the structure of William II.'s absolute authority has been reared. "*Suprema lex Regis voluntas*," he wrote in the Golden Book of Munich. "I am the sole master in this Empire: there shall be no other," he once told the Chamber of the Rhine Province. "There is only one law and that my law," he said to the recruits of 1893, and he wrote under his portrait, when it was presented to him at the Ministry of Public Worship in Berlin, "*Sic volo, sic jubeo.*" He suppressed—but the world supplied—the rest of Juvenal's line, "*Sit pro ratione voluntas.*" "My wishes are commands, my will a sufficient reason."

The Emperor has been at great pains to show that the conduct of the war has been the affair of himself and his General Staff. In his

speech to the First Infantry Regiment of the Guard on the 14th of August (published by the *Cologne Gazette*) he brandished his sword and exclaimed: "You are the guarantee that I shall dictate terms to my enemies. Up and smite the foe. Let the enemies of Brandenburg bite the dust." Now, though Brandenburg includes Berlin, it is not Germany. According to the last survey it has an area of 15,376 square miles, whereas Prussia has an area of 134,622 square miles and Germany 208,780. Yet the Emperor spoke of it as the pivot of the present war, and he is right, for his actions are those of a true heir of the ancient Electors of Brandenburg and the kings of the German States who follow him blindly are only his subjects.

CHAPTER V

THE KAISER'S GOVERNMENT

The Constitution of 1871 and the Chancellor—William II. his own Chancellor—William II.—"The will of God"—"The instrument of the Most High"—Government by force and fraud—Diplomatic illusions—"I mean to be loved"—Bismarck on his hereditary pathology.

THE Constitution of 1871 was the work of Bismarck, who fashioned it for his own ends. Under the new régime the Imperial Chancellor is the most important person. He presides over the Bundesrat and represents it in the Reichstag. He is responsible to the Emperor alone. The Secretaries of State are merely officials. It is the Chancellor's business to cover the Emperor, yet even in the hour of his accession William II. had decided to dismiss Bismarck. Caprivi, appointed in his stead, made a frank confession of incompetence. "Do not let that trouble you," said William II.; "I intend to be my own Chancellor." And, indeed, the great dignitaries who have enjoyed that title have never been more than docile subordinates.

William II. has had four Chancellors, General Caprivi, Prince Hohenlohe, Prince von Bülow and Herr von Bethmann-Hollweg. The latter, "*Referendarius*, *Assessor*, President of the Government, First President-Minister, has never seen the world save through state papers. He is a perfect type of the royal factotum." *

There is no cabinet. Each minister has exclusive defined functions and is usually a specialist in the affairs of his Department. The Chancellor is the only link between the various departments, but lest he should be overwhelmed with a mass of details, he has had subordinates to sign for him since 1878. The most obvious result is that each Department pursues its own affairs without reference to any other. There is no unity of direction and anarchy reigns. This is amply proved by contradictory decisions which, as every Minister

* W. Martin: *La Crise politique de l'Allemagne.* (Paris, F. Alcan.)

has his own press bureau, never fail to gain publicity, however great the efforts made to conceal them.

The Ministers are not responsible to the Reichstag, yet this does not prevent ministerial crises. M. W. Martin says that since the accession of William II. there has been an average of one a year. It is true that they only affect individual Departments, but, nevertheless, German Ministers, exposed as they are to the intrigues of the Court, the jealousy of the Chancellor, the opposition of their colleagues, faction in the Federal Council, party bitterness and the whims of the Emperor, hold their office by a tenure even more precarious than Ministers under a parliamentary constitution.

It is vain for William II., improving on Louis XIV., to declare himself an unfettered autocrat. The days of government by his ancestor, old Corporal Schlague, have gone by. He is drawn all ways at once by conflicting interests: the industrials of Westphalia and the Rhine Province; the "Junkers," great landed proprietors in the eastern provinces, who have always been the mainstay of the Prussian monarchy; the Prussian Diet, the Bundesrat and the Reichstag. He is the supreme chief of the army, yet remains the sport of the rival intriguers in the Great General Staff. So far from making a harmonious policy out of the action of his ministers, he is perpetually obliged to accept or decline the conflicting proposals they are ever bringing forward.

Seen in mass, the German Empire presents an appearance truly *kolossal*, to use an expression popular in Berlin. Nevertheless, there are many cracks, and the Emperor only keeps it together by holding up the double menace of attack by France and Russia. No competent critic doubts that the Serbian crisis is the outcome of his desire to distract public attention from internal difficulties. Here one question naturally arises. Was his intention merely to demonstrate anew the armed might of Germany or was he drawn into war by the Crown Prince and the war party? As yet it is impossible to say; but even if it were so, it would not diminish his responsibility.

Most Frenchmen who have visited Berlin have heard Prussians talk somewhat after this manner: "Our Emperor is a man after the heart of the French who like theatrical *coups*, pomp, show, speeches and parade. But to us Berliners, solid and serious-minded as we are, he is too full of surprises to be congenial."

He is an extraordinary Jack-of-all-trades who decides military and

naval questions, designs the statue-groups of the Siegerallee in Berlin, paints pictures, composes music and changes his clothes twenty times a day. He is always an actor, and never happier than when being talked about. Mr. Cloudesley Brereton a few years ago called him "a Nero in vanity, but not in cruelty." "Perhaps the latter caveat," he adds, "should now be modified."*

At the opening of the Kiel Canal the Kaiser gave the order that the whole fleet should pass through. The senior Admiral, who was in personal attendance on him that day, had the utmost difficulty in convincing him that were his orders carried out not a ship would survive the operation.

The theory of divine right has descended to the Emperor William II. from Frederick William. "Our wish is to serve God, and if I reign, it is because God has willed it so," was the declaration of his grandfather at his coronation in 1861. He took the crown from the altar with the words: "The crown comes from God alone. I bear witness that I have received it at his hands."

These ideas have expanded somewhat since the war, witness William II.'s proclamation to the army of the East:

"Remember that you are the chosen race! The spirit of God has descended upon me because I am Emperor of the Germans.

"I am the instrument of the Most High.

"I am his sword, his representative on earth.

"Woe and death to those who oppose my will! Death to the infidel who denies my mission! Death to the coward!

"Let all the enemies of the German nation perish!

"God demands their destruction—God, who by my mouth summons you to carry out his decrees."†

What could be more convenient than to be styled "The instrument of the Most High!" The fortunate nominee may do what he likes and throw the responsibility on God! William II. lusts for the applause of the mob, yet no man has a greater scorn of the mob than he, for he regards the mob as but the instrument by which his inspired desires are accomplished. Occasionally he emerges from the clouds of mysticism and expresses himself in true Machiavellian fashion, as when he said: "There are many situations in which dupes are more necessary than friends."

* *Who is responsible? Armageddon and After.*

† See the *Gazetta Poranny* of Warsaw, September 13th, 1914.

His policy is the product of emotional impulse and knavery. It is said that if some of his schemes had been realized chaos would have reigned in the world. At one moment he contemplated sending twenty thousand men to the Transvaal. His telegram to Kruger will not soon be forgotten. Yet in a celebrated interview granted to the *Daily Telegraph* correspondent in 1908, he boasted of having given Queen Victoria a plan of campaign against the Boers. In 1904 he took the initiative in offering a sword of honour to General Stoessel as a mark of esteem for his defence of Port Arthur, though that officer was about to appear before a court-martial. During the Spanish-American War he tried to range Europe in a coalition against the United States, the only effect of which was to bring about a reconciliation between the British and the Americans who had never forgotten 1812. He was the foremost prophet of the Yellow Peril and ordered his troops to leave the Chinese with memories of them such as the Huns had bequeathed to Europe. He seized the territory of Kiao-Chau. He compelled the Japanese to evacuate Port Arthur, and then forced Russia into war with Japan on the (for Germany) sound principle that this would remove Russian armies to a safe distance and weaken France. He cast longing eyes on Turkey, made a friend of Abdul-Hamid, and tried to play the double rôle of protector of the Mohammedans and the Holy Places. He schemed for the Bagdad railway, and sent an autograph letter to the Sultan begging for orders for Krupp's, in which he is personally interested.

In the Turco-Italian War, not only did German officers train and lead Turkish troops against his ally but he sent arms and munitions to the Tripolitans and like Austria, supplied the Turks with submarine mines for the purpose of destroying Italian shipping. His visit to Tangier, after the Bremen speech, and the dispatch of the *Panther* to Agadir threw the world into consternation and spread universal apprehension of his designs. A caricature in *Punch* represented him with a sword in his hand, his eyes gazing wildly around: "I mean to be loved."

Frederick William IV., who became King of Prussia in 1840, was a man of a very singular but ill-balanced temperament. In the summer of 1857 he was afflicted with a mental disorder which necessitated the appointment of his brother as Regent in 1858. Bismarck thought that William II. had too strong a resemblance to his great-uncle, and once said to the poet Felix Dahn: "If such a thing" (the development of similar signs of mental disturbance) "should

happen, my successor will have a more difficult task before him than I should have had, for the German people would have *trusted me*."*

The present war is the work of the Emperor William II., a megalomaniac, and a monarch of eighty-four years of age, Francis Joseph, who has chosen to mark the conclusion of a life which evokes memories of the Atrides by bringing about the most terrible war that the world has ever known. I had to learn that it was too much to hope that His Majesty the Emperor of Austria and King of Hungary and His Majesty the Emperor of Germany and King of Prussia would conduct the affairs of their respective nations with as much intelligence and judgment as rational human beings display in the ordinary affairs of life.

* *It Had to Be*, by Sidney Whitman. The *Fortnightly Review*, September, 1914, p. 390.

CHAPTER VI

POLICE GOVERNMENT AND ESPIONAGE

Niebuhr on Police Government—The Precetto—The police system in Austria—Two Archdukes killed in less than twenty-five years—The assassination of Rudolph—Criticism in connection with the assassination of Francis Ferdinand and his wife—The administration of justice in Austria—Espionage as the foundation of diplomacy and strategy—The Ultimatum, the Czar and M. Poincaré—German miscalculations in Russia, France and Belgium—Great Britain—The Turks—Italy—An accumulation of errors.

THE German historian Niebuhr says that modern government has become a despotism less tolerable than that of the Middle Ages because it has assumed two new forms. It is founded, he says, on a police system which is now no more than a gigantic network of spies, and on a bureaucracy which ruthlessly destroys independence of will and action. But which are the Governments thus denounced by the all-unconscious Niebuhr? The answer is Austria and Prussia.

Austria presents a typical example of police government. Italians will never forget the pitch of perfection to which the Austrian police system was brought in those parts of Italy subject to Hapsburg domination. Its agents were the *sbirro* and the *sgherro*, words which have no precise equivalent in English, but contain the idea of a spy or *agent provocateur*. Its weapon was the *precetto*, written or verbal orders to some individual commanding him to do, or refrain from doing, certain acts. The prohibitions largely predominated. No reasons were ever given. If the wretch who received a *precetto* transgressed any of the injunctions therein, he was arrested and condemned to a term of imprisonment, secret confinement, or perhaps exile. This wonderful system contributed nothing to the maintenance of Austrian domination in Italy and its memory is execrated throughout the land. In his *Hapsburg Monarchy*, Mr. Wickham Steed states that Austria has always made the police her principal instrument of government.

. . . "The Austrian police remains, at least potentially, much what it was a hundred years ago." . . . "The stranger is unaware that the porter of his

house is a *confidant* of the police, and that his goings and comings, his manner of life, the number and names of his friends and all personal details are carefully communicated by the porter to the police . . . his correspondence is being watched, his telephone 'tapped.' . . .

"Political disturbances and rioting are dealt with as official interests are supposed to require. In the autumn of 1905 a Socialist manifestation in favour of universal suffrage was suppressed; blood was shed and arrests were made. But within a week the wind in the higher regions had changed, and the Government had veered round in favour of universal suffrage. A huge Socialist demonstration was organized in agreement with the police. . . .

"But on occasion the police is intractable—whenever its professional vanity or the personal ambition of its chiefs is involved."*

The most striking results of this police system are the deaths by assassination within twenty-five years of two Archdukes, heirs to the Imperial and Royal crowns of Austria-Hungary. The Archduke Rudolph was assassinated in 1889, and to this day his murderers have remained undiscovered by the splendid Austrian police. With such a glaring exhibition of incompetence before the Austrian Government they had the hardihood to suggest that the Serbian police ought to have prevented the Sarajevo crime which was committed on Austrian soil! The charge against that Government gathers weight when we consider the motives that have been alleged for the dilatoriness of the Austrian police. In *The Secret of an Empress*, Countess Zainardi Landi tears the veil from the mystery of the Archduke Rudolph's death. It appears that he was violently in love with Baroness Marie Vetsera and wished to procure a separation from his wife, the Archduchess Stephanie, a Belgian princess. He requested Pope Leo XIII. to annul his marriage but the letter was sent to the Emperor by the papal nuncio Mgr. Galimberti, now a cardinal. After a violent scene, in which the Emperor insisted that the Archduke should never see Marie Vetsera again, Rudolph withdrew to Mayerling, and wrote to her not to be uneasy at his absence; but at the same time she had received an order to marry a certain Austrian nobleman within twenty-four hours. She went to Mayerling in the same carriage which had brought the Archduke's letter. The Emperor heard of her departure, and sent Baron Bolfras, a member of the military cabinet, with a detachment of soldiers to bring back the Baroness, and, in case of intervention, arrest the Archduke himself. After some negotiation the Archduke consented to receive Baron Bolfras but the soldiers rushed into the house. The Archduke

* *The Hapsburg Monarchy*, by Henry Wickham Steed. *Austria-Hungary*, by Geoffrey Drage.

fired his pistol and hit a gamekeeper. The invaders replied in kind, and both the Archduke and Marie Vetsera were killed.

It is not difficult to imagine why the Austrian police have never discovered the assassins. How comes it, then, that the all-perfect Austrian police were unable to prevent the assassination of another heir to the throne, the Archduke Francis Ferdinand, and his wife, the Duchess of Hohenberg ? On this question of the impotence of the Austrian police Mr. Archibald R. Colquhoun goes so far as to say :

" Those who, like the writer, have been in Sarajevo and know the efficiency of the Austrian police, find it almost impossible to credit that the murder, which was the result of a second attempt, could have taken place but for deliberate negligence on the part of the Austrian authorities to take the usual precautions. . . .

" Little pretence was made in Vienna of regretting the Archduke's death, still less that of his morganatic wife, whose position was resented by those born in the purple. . . ."*

This opinion is shared by Mr. Cloudesley Brereton in his study, *Who is Responsible?* Thus the most striking achievement of police rule in Austria has been the destruction of the Hapsburgs themselves.

A judiciary which has never attempted to reach the assassins of the Archduke Rudolph proves its complicity. The Agram conspiracy trial in 1907 further proves to what depths it will descend. I have already referred to Mr. Wickham Steed's account of the prosecution of Doctor Friedjung in 1909. In the Sarajevo trial, the assassin Princep, who killed the Archduke and his wife, and Cabrinovitch, who threw the bombs, were condemned to solitary confinement for twenty years, but their accomplices were condemned to death. What is the meaning of this mystery ?

A State which enjoys such a police and judicial system has no grounds for claiming to oust the jurisdiction of the police and judiciary of any other, as was done in the ultimatum of the 23rd of July to Serbia.

In Germany, too, wholesale espionage has been made the foundation of diplomacy and strategy. The Kaiser has had his network of spies embracing the entire surface of the globe. Some clerk or merchant, whose honest aspect lulls suspicion, makes himself popular in a certain neighbourhood and spends his spare time in noting the strategic features of the district, selecting sites for gun emplacements,

* *Why the British Empire is at War : North American Review*, November, 1914, p. 683.

and collecting information as to the local resources which might be available for an invading army. This patriotic spying has been made a fine art by disciples of German "Kultur," and forms part of the official code of ethics according to which all means are justified which further the aggrandizement of the Empire. All the information so gathered is sorted, classified and pigeon-holed in the offices of the General Staff by officials who have had long training in this type of work and who boast, without fear of contradiction, that their researches are on an unrivalled and unprecedented scale.

There is, however, one grave defect in this employment of the spy, whether of lowly or exalted station. He is less anxious to discover truth than information palatable to his superiors and employers, and, of course, there is always the personal coefficient of error. Events have demonstrated, in falsifying the accumulated results of this magnificent Intelligence Department, how great that coefficient is. No doubt the General Staff knew that guns could be emplaced at such and such a spot, that trenches could be dug somewhere else, that Mr. X had a car and so many horses, that Mr. Y would make a valuable hostage. But when Mr. X's car and horses have been requisitioned, and Mr. Y has been arrested, what then ? Operations such as these, like the transactions of a village moneylender, bring in little in the way of resources and have to be paid for a hundredfold in the hour of defeat. Again, while the Great General Staff dissipated their energies in these fruitless and miserable tasks, both they and their Government were grossly deceived as to the material and moral conditions of their allies and their prospective enemies.

The arch-spy in every country was the German Ambassador. Thus the Wilhelmstrasse, on the strength of Count Pourtalès' reports from St. Petersburg, came to believe that Austria could do what she pleased with Serbia, that Russia, in the throes of strikes, would give way again as she had done in 1909, and, in so doing, would lose her prestige, not only in the Balkans, but also in France and Great Britain, and that accordingly Germany's position would be unchallenged. Simultaneously the spies of the General Staff reported that the reorganization of the Russian army would not be complete for three years, and estimated its offensive powers so low that Berlin regarded it as a negligible quantity which could be easily held up by the Austro-Hungarian army and a few German reserve corps until the termination of a victorious campaign against France released a triumphant horde to hurl itself on Russia and annihilate her.

France! What a game they would play with France! The interview of M. Poincaré with the Czar was fixed for July 24th. The ultimatum should be dispatched on the 23rd, so that the mystery of it might cast a sinister gloom over their meeting. The decision of the Austrian Government would be known at the moment M. Poincaré left Russia. The two allies would be exchanging vows of eternal friendship. Germany would bring them to a sense of reality. If Russia acted, would France support her? What! In a wretched squabble over Serbia! What was Serbia to France? Jacques Bonhomme would soon say it was no affair of his. Panurge would add: "I hate fighting, and if I am to fight I must know why." The Socialist Congress had just adopted a motion of Jaurès advocating a general strike in case of war. Socialist opposition might safely be counted on. The Ministry was composed of pacifists who had opposed the Three Years Law. French finances were in a deplorable condition. Her 805 million franc loan was not yet locked up. France would abandon Russia and that would be the end of both the Double and Triple Entente. She would cease to count among the Powers of Europe. They could treat her as they pleased and not a finger would be raised in her defence. They could beat her to the dust at leisure as Austria would beat Serbia.

If, on the other hand, she accepted the challenge, they would make but a mouthful of her. As she had not dared to add a year to the service of the class which was under the colours in October, 1913, her army would consist of two classes of young soldiers, many of them not more than twenty years of age. They would melt away before the onslaught of the German invincibles. What of their officers? The German attachés had seen something of them at the South-Western manœuvres. They were a prey to political dissension. There were generals who were happy enough to possess decorations, badges of rank, and the moral and material advantages they conferred, but no desire to take hard knocks for the sake of the Republic. Most of them did not believe in war. The Germans, with their customary forethought, had spent forty millions more than the French and therefore their preparations were infinitely more extensive and complete. The French General Staff was wedded to the idea that invasion would come by way of Lorraine, between Toul and Belfort. The French troops would be massed on that frontier while the Germans were passing through Belgium. Except Maubeuge, no fortress would bar their path and within a fortnight

they would be in Paris. Then the whole fabric, political, military and financial, would collapse, and the "hereditary foe" would at last become the harmless satellite of Germany. Victory was certain because the German Intelligence Department was perfect.

As for Belgium, she did not count. How could she oppose any effective resistance? The project for the reorganization of her forces had only been law since July, 1913, and was being carried out in a half-hearted manner. The idea of Belgium blocking the road to France! Were not the French denounced in Flanders as an infidel race worthy of any chastisement? Had not the Flemish party devoted itself to combat the invasion of French ideas and influences? If Belgium stood out of Germany's way they would promise her their friendship, though the question of Antwerp would remain for consideration at the conclusion of the war. In short, Belgium did not count.

As for Great Britain, they had plenty of good friends there. Did not the Kaiser win all hearts by his visit in 1907? Was not the Crown Prince treated as a boon companion? There was Agadir, it was true, but they had the assurance of their Ambassador that, thanks to his good dinners, all the Lords were in his favour. The Liberals were ultra-pacifists, and some of their leading organs were slavish admirers of Germany. They would raise the bogey of Russian oppression. It would be quite enough to alarm the inveterate Tories and rouse the Labour Party. The latter cared naught for continental politics, and repudiated the ideas on which British diplomacy had rested in the past. The Labour members had a horror of armaments, and advocated their reduction so that the money spent upon them might be devoted to purposes furthering the interests of the working-classes. They were in favour of the remission of all taxation, direct or indirect, on food. The Liberal Government knew its dependence on them for its majority and therefore would not move. The Unionists were too engrossed in aiding and abetting the Ulster volunteers to allow their attention to be distracted to questions of foreign policy. Ireland, of course, would be an ally. Germany had Turkey as a friend. The English feared nothing more than a summons to a Holy War, and if war did break out . . . India would be in a ferment the moment Great Britain's energies were absorbed in a European war.

The Kaiser has always despised Italy. In the war in Tripoli he helped the Turks against his ally. Neither the Wilhelmstrasse nor the Ballplatz thought it necessary to acquaint Italy with their inten-

tions towards Serbia. The Kaiser thought that the Italian army was disorganized and her finances in confusion. He had already counted her as lost to the Triple Alliance and while he thus cheerfully renounced the assistance of a Power with an army estimated at 1,250,000 men, he provoked the intervention of the Belgian army which, with all its defects of training and equipment, has proved itself by its heroism a foe by no means to be despised.

By ranging Great Britain among Germany's foes the Kaiser was certain to lose the help of Italy.

The final result of Germany's network of spies and the reports they so laboriously accumulated is that the Kaiser was led to plunge Germany into war at the worst possible moment for her, by bringing about a coalition which includes all the Great Powers of Europe with the single exception of Austria-Hungary.

CHAPTER VII

GERMAN DIPLOMACY AND RUSSIA

Prussia and Russia after 1772—Bismarck and Russia in 1877—The Treaty of Berlin—Fears of a Franco-Russian Alliance—The Austro-German Alliance—Russian hatred of Germany—Bismarck—Bismarck and Constantinople—The Re-Insurance Treaty of 1884—Bismarck's speech of February 6th, 1888—Schemes against Russian credit—The Russian loan in Paris of December 10th, 1888—The accession of William II.—Prince Hohenlohe's account of the rupture with Bismarck—The Triple Alliance in 1891—William II.'s scheme—The Franco-Russian Alliance—German diplomacy and its results.

WE must believe that German diplomatists are wonderful men, for, in addition to the assiduous self-advertisement of the Germans themselves, we have the evidence of innumerable simpletons who express a blind belief in Teutonic assertions of their all-round superiority. We must also believe that German diplomacy has had the benefit of the superior methods which characterize German actions. We will now compare these beliefs with the facts.

In 1870–1871 Bismarck had created the German Empire, his work of "blood and iron," and henceforth devoted his energies to maintaining it. To preserve it, he followed a contradictory policy. He concluded an alliance with Austria-Hungary and at the same time entered into friendly relations with Russia. In this way he hoped Germany would have nothing to fear.

Since the Seven Years War Prussia and Russia had always been on good terms. The schemes for the partition of Poland had been a source of discord but their accomplishment had drawn the two great brigands together. If Prussia had abandoned Austria and Russia after Austerlitz, resistance to Napoleon had reunited them. During the Crimean War Prussia had favoured Russia, and in 1870–1871 Russia had adopted an attitude of benevolent neutrality against France.

In 1872 Bismarck was successful in persuading the Emperor Francis

Joseph to visit Berlin to pay his respects to the Emperor William, the victor of Sadowa, and meet the Emperor Alexander II. The result was the Alliance of the Three Emperors against France.

When Russia made war on Turkey in 1877 Bismarck considered he had paid off his debt to her by preventing Austria-Hungary from intervening. The Russian army reached San Stefano, and the Treaty of that name was concluded; but it appears that its terms were inconsistent with an Austro-Russian secret treaty which had been signed at St. Petersburg before the war and also with an arrangement come to with England at the end of the armistice. In 1878 the Congress of Berlin gave to Austria the administration of Bosnia and Herzgovina, the two provinces which had initiated the struggle. Russia came out of it gravely weakened and Prince Gortschakoff left Berlin with a feeling of resentment against Bismarck. During his stay he had spoken to a French journalist of the possibility of a Franco-Russian alliance.

Bismarck relates* that at his meeting with Count Andrassy, the Austro-Hungarian Minister, at Gastein, on the 27th of August, 1879, the latter said: "To a Russo-French alliance the natural counterpoise is an Austro-German alliance." Bismarck, however, would have nothing more than a purely defensive alliance against a Russian attack on either of the contracting parties. The Emperor William regarded the agreement as a kind of treason towards the Czar of Russia for whom he entertained a warm personal regard. Bismarck only overcame his scruples by being "compelled to bring the cabinet into play, a method of procedure extremely against my grain. The Emperor was not convinced by the arguments of policy, but gave the promise to ratify the treaty only because he was averse to ministerial changes."† Even so, William I. thought it only loyal to give the Czar of Russia private notice of the alliance which had just been concluded.

"The treaty which we concluded with Austria for common defence against a Russian attack is *publici juris*. An analogous treaty between the two Powers for defence against France has not been published."‡

Bismarck was quite aware of the hatred in Russia against all things

* *Reminiscences*, Vol. II., p. 257.

† *Bismarck: His Reflections and Reminiscences*, Vol. II., p. 268.

‡ *Ibid*, Vol. II., p. 272.

German and that the Czar could not ignore it, however ardent his desire to be on good terms with Germany.

"Scarcely, however, could anti-German rancour acquire in Russia a keener edge than it has among the Czechs in Bohemia and Moravia, the Slovenes of the countries comprised within the earlier German Confederation, and the Poles in Galicia. In short, if in deciding between the Russian and the Austrian Alliance I gave the preference to the latter, it was not that I was in any degree blind to the perplexities which made the choice difficult."*

Bismarck tried to maintain friendly relations with Russia. He was particularly anxious that the German Empire should not be drawn into the vortex of Balkan politics, and spared no pains to convince Russia of the "defensive character of German policy." He foresaw that Russian ambitions would one day be directed towards Constantinople, and said that it would be all to Germany's advantage if Russia were solidly established at Constantinople and preoccupied with the burden of its defence. . . . And again†: "Were I an Austrian Minister, I would not prevent the Russians going to Constantinople, but I would not begin an understanding with them until they made the move forward." Bismarck considered Germany's lack of direct interest in the Eastern question a great asset in her policy.

After absorbing Italy in the Austro-German alliance in 1882 he tried to bring about another Triple Alliance between Germany, Austria and Russia. On the 24th of March, 1884, a treaty was signed at Berlin, which was ratified at a meeting of the three Emperors at Skiernewice. Bismarck called it the "Re-Insurance Treaty." If one of the three contracting Powers made war on a Power not a party to the Treaty, the two others would preserve an attitude of benevolent neutrality. Bismarck wished to add a clause providing that if two of them made war on a fourth, the third would in that case also remain neutral; but Russia had her suspicions that this stipulation was aimed at France, and refused to accept it. In case of conflict in the Balkans, each Power would pursue its own interests and if they clashed the third would decide. A protocol was added allowing Austria to annex Bosnia and Herzgovina without regard to the other signatories of the Treaty of Berlin. For the rest the three Powers declared themselves responsible for its fulfilment or non-fulfilment, a stipulation which explains their declaration that they would not oppose the absorption of Eastern Roumelia by Bul-

* *Bismarck's Reflections.* † *Ibid*, p. 285.

garia and would not permit Turkey to fortify the Balkan countries. If Turkey allowed a fourth Power (Great Britain) to enter the Dardanelles, the contracting Powers would intervene.

This Treaty brought no advantage to Russia. Bismarck makes no reference to it in his *Reflections and Reminiscences*, and if it owed its existence to him, he failed to maintain it. Bulgaria annexed Eastern Roumelia, and to show her independence of Russia Stambuloff condemned and executed nine Russophile officers. The Schnaebelé affair showed Russia that Bismarck had not abandoned the idea of a second war against France. Alexander III. sent an autograph letter to the Emperor William and the Skiernewice Treaty, concluded provisionally for three years, was not renewed.

In practice Bismarck's policy went counter to the principles he had enunciated. He was preparing the very Franco-Russian Alliance he so much dreaded. In November, 1887, he offered the St. Petersburg cabinet Germany's armed support in case of an Austrian attack on Russia, but on the 6th of February, 1888, he destroyed the effect of that offer by an inflammatory speech in which he demanded a loan of twenty-eight million marks for the purchase of munitions of war. "We must carry out the decrees of Providence. . . ." The existing misunderstanding with Russia would doubtless vanish; but as the Russian Press "has closed the door on the ancient and powerful friend we have always been, we shall not knock there again."

It was Bismarck himself who indicated to France and Russia the necessity for combination against Germany. "We can be attacked on three sides, while France can only be attacked on the east and Russia on the west. We are more exposed to coalitions than any other nation. Franco-Russian pressure makes internal unity imperative for us. If we found ourselves at war with Russia, war with France would be inevitable."

In the spring he ordered the Reichsbank to cease taking Russian bonds as security. On December 10th, 1888, a Russian loan of five hundred million francs was floated in Paris. The ground was thus prepared for the Franco-Russian Alliance.

Bismarck's Russian policy thus ended in a check.

On the 15th of June, 1888, William II. mounted the throne. His first two speeches were made to the Army and Navy and not until three days later did he address his people. He dismissed Bismarck in March, 1890. According to Prince Hohenlohe's diary, the real

cause of the rupture was the conflict between the views of Bismarck and the Emperor on the question of making a choice between Austria and Russia at the moment when war was threatening between those two Powers. It would seem that Bismarck then recognized that the subordination of German policy to that of Austria was a mistake. These are the entries in the diary:

"Berlin, March 26th, 1890.

"The Emperor thought that Bismarck was contemplating abandoning Austria and the Triple Alliance in favour of an understanding with Russia."

"Strasburg, March 31st, 1890.

"It becomes increasingly clear that the divergence of opinion between the Emperor and Bismarck with regard to Russian aims has been the cause of the rupture. Bismarck wanted to let Austria go, but the Emperor insists on the maintenance of the Austrian Alliance even at the risk of a war with Russia and France. It is a black outlook for the future."

The Triple Alliance was renewed in 1891. There were rumours of an agreement between William II. and King Leopold that France should be attacked through Belgium. It was also said that William II. had suggested to England and Turkey an alliance against France. Result—the visit of Admiral Gervais and his French squadron to Cronstadt at the end of July, 1891. Alexander III. listened bare-headed to the strains of the "Marseillaise" and the Russian National Anthem. A military and naval convention followed, and the final outcome was the alliance of 1895. I was a member of the Ministry which sent the fleet to Cronstadt. All thinking men experienced a profound sense of relief that the dangerous isolation of France had become a thing of the past.

The Franco-Russian Alliance was responsible for a number of illusions cherished by the more simple-minded Frenchmen who believed that henceforth the recovery of Alsace and Lorraine was assured. Russia had no intention of assisting France in a war of revenge. The Franco-Russian Alliance was merely a guarantee of security from German aggression. Von Bülow has twitted Frenchmen on their disillusionment, but to attribute to all the vain imaginings of Déroulède was to assume too much. His jests only concealed the chagrin of German statesmen at the maintenance of the Alliance. Yet it has owed its continued existence largely to the action of Von Bülow and the other Chancellors. Professors, journalists, official and otherwise, have never ceased denouncing the Russians as

barbarians animated with all a barbarian's hate of lofty German civilization and the desire to destroy it.*

The Germans are never tired of posing as the bulwark of civilization against the onslaught of these barbarian hordes. The Russian spectre was invoked to support the arguments in favour of increased armaments in 1912 and 1913. The forces of the emancipated Balkan nations would immobilize a part of the Austro-Hungarian army destined for action against Russia. The German contingents must therefore be increased. The Chancellor enunciated this policy in his speech of the 7th of May, 1913, and the policy itself may be expressed in terms such as these: "Russia will never make war to satisfy French passion for revenge. We must therefore force her into war. In so doing we shall bring about the very contingency we ought to prevent. The one aim of our policy should have been to avoid finding ourselves beset both by France and Russia, yet for more than thirty years we have pursued a policy which could only bring those two Powers together."

In recent years the aims of this German policy have become increasingly evident and German diplomacy touched its high-water mark when, on August 1st, 1914, it found itself compelled to take the initiative by declaring war on Russia.

* *If I were Emperor*, a pamphlet published in 1912, which had an immense sale throughout Germany.

CHAPTER VIII

GERMAN DIPLOMACY AND GREAT BRITAIN

The policy of Great Britain—The Balance of Power and naval supremacy—Bismarck and Great Britain—The Franco-Egyptian crisis—The colonial policy of France—The French Protectionists—"Grasping the Trident"—"Our future is on the sea"—Naval policy and world-power—Opposition in the Reichstag—The Navy League—Anglophobia—Treitschke—Kiao-Chau—Turkey—The Mohammedans—Polynesia—Africa—The telegram to Krüger—Von Bülow's confessions—Central and South America—Holland and Belgium—The blockade of Russia—Megalomania—Picrochole—"Great Britain will not move"—Popular illusions about English Germanophiles—Mr. Lloyd George's speech at the Guildhall on the 1st of July, 1911—Rage against England.

IN his speech of December 2nd, 1914, the Chancellor, Herr von Bethmann-Hollweg, reminded his audience that British foreign policy had two aims: naval supremacy and the European balance of power.

In the seventeenth and eighteenth centuries command of the sea meant the monopoly of ocean commerce; but the repeal of the Navigation Act in 1849 proved that Great Britain no longer intended to put forward that claim. She was content to possess, as a consequence of her Free Trade policy, between fifty and sixty per cent. of the world's carrying trade.

Since the Armada at least, the English have feared nothing more than the hegemony of one state in Europe lest they themselves should be subjected to it. At the end of the seventeenth century they waged war on Louis XIV., who wished to restore the exiled Stuarts and dominate the Continent. At the beginning of the eighteenth century they again took up arms against him because he was attempting to secure the Spanish throne for his grandson, Philip V., while preserving all his rights as heir to the French throne. They fought against Napoleon, who tried to master Europe and break down their power.

The Prussians had the benefit of this policy in the Seven Years

War. It is true that when Napoleon gave them Hanover their acceptance was followed by a declaration of war from England in March, 1806. England supported Prussia in 1813 and 1814; but at the Congress of Vienna Prussia displayed such greed that she came into collision with the Czar Alexander of Russia and Lord Castlereagh, the representative of Great Britain. She was obliged to give up Saxony, which she intended to annex, and an alliance against her was formed between France, Austria and England.*

In 1864 Great Britain was weak enough to allow Prussia and Austria to annex the Danish Duchies. She also allowed Bismarck to create the Confederation of the North, and subdue South Germany in 1866. She raised no objection to the creation of the German Empire in 1871. Bismarck took some pains to soothe British susceptibilities as to the policy of the German Empire. He represented Germany as the model of prudence, thoroughly content with her lot, entirely preoccupied with her own internal development and consequently in no position to menace Great Britain either at sea or on the Continent. At the same time, he was encouraging France in her colonial enterprises and inciting her to pursue an Egyptian policy which would lead to friction with Great Britain. He was eminently successful, and the French protectionists lent him their aid by exasperating public feeling in England.

It was not very difficult for a grandson of Queen Victoria to be friendly to Great Britain, but only on the terms that he did not indulge in a policy "exceeding the limits of Bismarck's." William II. "meant to give Germany a preponderating voice in the world." At another time he said that "Germany must wield the trident."

Prince von Bülow† boasted of having carried out that policy, and in justification tells a story of Bismarck to the effect that although Friedrichsruh was not far from Hamburg the old statesman had not visited that city for a long time. Some years after his retirement, at the age of eighty, he accepted an invitation from Herr Ballin, Managing Director of the Hamburg-American Line, to visit Hamburg, and was amazed at the size and magnificence of the liners. "Yes, this is a new age—a new world!" he exclaimed. It was singularly bold of Prince Bülow to read into these words Bismarck's conversion to the naval and world policy of the Kaiser and his renunciation of

* V. Debidour: *Histoire Diplomatique de l'Europe*, Vol. I., p. 36.

† *Imperial Germany*, p. 102.

the course he had recommended and followed since 1871. The words were uttered on a liner, not on a Dreadnought.

The Kaiser, with his forceful personality, his well-known views and his naval programme, presented for Great Britain a twofold danger, of which one aspect was a continental policy which menaced British security and rested on a claim to intervene in the affairs of everyone else, and the other, Germany's lust for conquest which affected the whole world. The Pan-German movement dates from just before 1893 and owed its inception to the Kaiser, Admiral von Tirpitz and Von Bieberstein. It was based on an interpretation of Article 4 of the Constitution of the German Empire :

" Imperial supervision and legislation shall be extended to the following objects . . . and also to colonization and emigration into foreign countries."

The Reichstag had no ambition for a great navy. On the 28th of March a budget cutting down the number of new ships demanded by the Government was passed on the third reading. On the 28th of June Bülow became Chancellor of the Empire. On the 27th of November Admiral von Tirpitz, as head of the Admiralty, brought forward a building programme of seven battleships, two armoured and seven light cruisers, to be completed by 1904. Speaking in the name of the Bundesrat, he said : " Without prejudice to the rights of the Reichstag or making any demand for the imposition of new taxation, the Allied Governments have made it the basis of their naval policy to create within a limited period a national fleet strong enough to give effective protection to the maritime interests of the Empire." Prince Bülow has said, not without a certain naïve frankness : " We thought this increase of our naval power might arouse a certain uneasiness and resentment in Great Britain." If such was his anticipation, it was not likely to be falsified by the appearance of the " Deutsche Flotte Verein," the German Navy League, which Admiral von Tirpitz founded in May 1898. He popularized it by methods borrowed from the Salvation Army. German naval officers took part in processions in which a great blare of trumpets, trombones and drums strove to rouse the landlubbers to a proper conception of the ideal enshrined in the Kaiser's famous phrase : " Our future lies on the sea."

The preamble of the Navy Bill of 1900 said that " Germany must possess a fleet so strong that the greatest naval Power in the world would run the risk, even in case of victory, of losing command of the

sea." The schools were flooded with books in which Great Britain was represented as in the throes of starvation and even short of steel with which to rebuild her fleet. German professors and journalists made no secret of their hostility to Great Britain. The most famous of them, Treitschke, said :

" We have squared our account with Austria-Hungary, France and Russia. The last account with Great Britain will be the longest and most difficult of all."

But he did not hesitate to describe it as a necessity. In January, 1900, Professor Hans Delbrück wrote in the *North American Review :*

" As her (Great Britain's) great naval power cannot be overwhelmed by a single State, the best remedy would be an alliance against her of all her rivals together, especially of Russia, France and Germany."

Twelve years later Eisenhart wrote in his book, *Germany in the Twentieth Century* :

" We consider a great war with England inevitable."

University professors, schoolmasters and journalists have assiduously taught that the English are too selfish and cowardly, except in the field of sport, to defend their country. The mention of the British army invariably suggested the analogy of the mercenaries of Carthage and Cato's dictum, " *Delenda Carthago.*" " Carthage must be destroyed."

They went on to demonstrate how easy this would be. They said : " The British Empire is not a reality but a sham."* The population of the colonies is not large enough to give Great Britain adequate support. The ties between them and the mother-country are so loose that they have no interests in common. Great Britain cannot guarantee their protection. Why, then, should they prejudice their security by fighting for her ? General Bernhardi counted on the breaking away of Canada and on the probable loss of India.

The Germans are always explaining that the British Government has not the stability of the German autocracy since it is in the hands of Ministries, often disunited, and also subject to parliamentary control. In such circumstances how could the diplomacy of Downing

* Professor Cramb : *Germany and England.* Dr. Charles Sarolea : *The Anglo-German Problem.*

Street compare with that of the Wilhelmstrasse? Nevertheless, the British Empire extends over the surface of the entire globe, while Germany's sole asset is her European territory of a paltry 540,000 square kilometres.* Britain, then, is the foe which must be, and can so easily be, destroyed. These fine imaginings were duly translated into acts.

It is the habit of German politicians to regard every German emigrant to a foreign country as a loss to Germany. However, it is not practicable to forbid emigrants to go to the United States and compel them to settle in German East Africa. So other outlets had to be found.

They first suggested the partition of China, and, by way of a start, took possession in the autumn of 1897 of a large slice of territory round Kiao-Chau Bay and forced the Treaty of Shantung on China. But as China was over-populated already it was hardly suitable as an outlet for the German surplus population.

In 1889 the Kaiser obtained from Turkey the concession of the Anatolian Railway. In 1898, shortly after the first Navy Bill, he landed in Palestine, assigned to himself the protection of the Holy Places which the Pope had refused him, proceeded to Constantinople to offer his friendship to Abdul-Hamid and on his way thither made a famous speech at Damascus, in which he said:

"The three hundred million Mohammedans who live scattered over the surface of the globe may rest assured that the German Emperor will at all times be their friend."

This direct appeal to the Mohammedans of India, Egypt, Tunis and Algeria could not be lost on Great Britain. Then, to put his profession of friendship into practice, the Kaiser inaugurated the Bagdad Railway scheme.

He has tried to lay hands on the territory of nearly every foreign State, small and great. At the end of the Spanish-American War, in 1899, he acquired the Caroline and Marianne Islands, and openly boasted of having "secured a *point d'appui* in Polynesia." But what was his purpose if not to agitate Australia? In Africa the Germans have steadily aimed at joining up their south-western and eastern colonies by the acquisition of Rhodesia. They hoped the Boers would undertake the groundwork of this task. Negotiations took

* Approximately 208,780 square miles.

place and the Germans agreed to supply them with arms. These negotiations led directly to the eventful telegram to Krüger in 1896, which encouraged the Boers to declare war on Great Britain on the 10th of October, 1899. The Germans were intensely disappointed when the British demonstrated their ability to transport an army from Europe to the Cape and from the Cape to the Transvaal and to bear with comparative ease the cost of the war. The violence and vulgarity (which did not even spare Queen Victoria) of the German Press exceeded that of any other country, nor was the impression on English public opinion modified by the Kaiser's refusal to receive Krüger. The British were not deceived. They knew that Von Bülow's only reason for maintaining neutrality was the weakness of the German fleet and the difficulty of obtaining French support for a war of aggression against them. The British Government was quite aware of Germany's share in the responsibility for the Transvaal War.

The formation of the South African Union out of the various peoples of South Africa, and the fact that the Boers played the dominating rôle in it, carried Germany a stage further in the path of disillusionment. Von der Goltz said: "We must resist the English supremacy."

About 1880 the Germans entertained ideas of colonization in Central and South America. Venezuela was the first object of their attentions. They made her loans, bought mines and embarked on commercial enterprises. The next step was to dispatch a warship to the principal port and claim a share in the government of the country.* These proceedings immediately alarmed the United States which invoked the Monroe Doctrine and prohibited all interference in the internal affairs of Venezuela. This was the deathblow to German hopes of colonial expansion in the Gulf of Mexico and Germany had perforce to accept British and American supremacy at sea.

To-day, thanks to their rate of emigration into Brazil, they are thinking of establishing a German state in the State of San-Paolo.

Rotterdam and Antwerp are the ports of the Rhine and the Netherlands are the obvious base for an invasion of Great Britain. Holland and Belgium are only independent because Great Britain and France have prevented Germany from seizing them. Then, says Germany,

* *Pan-Germanism*, by Roland G. Usher, Professor of History at Washington University, St. Louis, p. 119.

they must be taken, the Belgian Congo with Belgium and the Dutch Indies with Holland. Denmark is the key to the Baltic, destined to become a German lake. Denmark, too, must be taken, and then when the outlets of Russia are blocked at the Bosphorus on the south and the Sound and Great Belt on the north, she will have no other open port in Europe save Archangel.

Germany has pushed Austria into adventures in the east and south-east, but in reality Austria has only followed in her wake, and it is Germany which has directed Austrian policy for her own ends. German and Austrian statesmen, their imagination fired by memories of classic times, have ever dreamed of controlling the great highways by which the Romans, the Barbarians and the Crusaders passed from the Danube valley to Constantinople, and the Turks from Constantinople to the Danube valley. Imagination plays a far greater part in these flights of fancy than an exact appreciation of the benefits to be derived from their realization. Salonica, as a commercial port, is almost valueless to Austria and Germany.* Its sole use would be for military purposes. Then follows the dream of the Bagdad railway, of the germanization of Turkey and Persia, and afterwards India. As Italy is established in Tripoli and Cyrenaïca, Germany would take Egypt, Tunis, Algeria and Morocco. Victorious Germany would found a world-embracing confederation, embracing Austria-Hungary, the Balkan States, Turkey, Egypt, Persia and India, with the Kaiser as indubitably its head as he is head of the German Empire. The simple gospel of the Pan-Germans is this: "If the English can govern India we can do so too." Yet they have never succeeded even in governing the Duchy of Posen and Alsace-Lorraine!

When, in the sixteenth century, an illustrious Frenchman named Rabelais described the wonderful feats of Picrochole, he was unconsciously making himself the historian of German policy.

The Germans are for ever telling us that Great Britain has acquired nearly all her possessions by force and that this gives them the right to expel her from them by force. Yet they have not the slightest intention of restoring Australia to the aborigines, New Zealand to the Maoris, Canada to the Iroquois, and India to her Rajahs or the Great Mogul. Their idea is simply to take Great Britain's place. Nor must it be forgotten that this ambition *à la* Picrochole is not entertained solely by irresponsible journalists, but has received official

* See the *Journal des Économistes*, November, 1912.

sanction, as repeated attempts to realize it sufficiently prove. Bismarck's successors have laboured under the delusion that Great Britain need never be considered. As Prince von Bülow frankly says in his book :

" Germany is now too strong to be attacked by sea, so Great Britain will not move."

That phrase ignores at least one result of Von Bülow's policy, the Anglo-French *entente* of 1904. Maximilian Harden, the journalist who claims to represent the Bismarckian tradition, has more than once reproached the German Government for " diminishing by their attitude of menace the causes of friction between Great Britain and France in North Africa." The German Government have done more. They have bound the two countries in a close-knit alliance. The German Ambassador, Count Wolff Metternich zur Gracht, told the Kaiser : " You and the Crown Prince hold England spellbound. You may do what you like and England will not move. Her War Minister is Mr. Haldane, who said ' Germany is my spiritual home.' Mr. Lloyd George is enchanted with his visit to Germany and full of admiration for our social policy."

Fortified by these assurances, Herr von Bethmann-Hollweg and Herr von Kiderlen Wächter, the Minister for Foreign Affairs, sent the *Panther* to Agadir on the 1st of July, 1911. On the 21st of July, speaking at the Lord Mayor's annual dinner to the bankers and merchants, Mr. Lloyd George reminded his audience that

" Great Britain would make great sacrifices to preserve peace. . . . But if a situation were to be forced upon us in which peace could only be preserved by the surrender of the great and beneficent position Britain has won by centuries of heroism and achievement, by allowing Britain to be treated where her interests were vitally affected as if she were of no account in the cabinet of nations, then I say emphatically that peace at that price would be a humiliation intolerable for a great country like ours to endure. National honour is no party question. The security of our great international trade is no party question ; the peace of the world is much more likely to be secured if all nations realize fairly what the conditions must be."

Coming from a friend these words were all the more significant. They were followed by a declaration of Mr. Asquith in the House of Commons which met with universal assent, expressed by Mr. Balfour in the name of the Unionists, and by Mr. Ramsay Macdonald on

behalf of the Labour Party. The effect was such that the German Press immediately dropped its provocative tone and expressed itself as thoroughly satisfied and ready for an understanding.

Germany doubled her armaments and to lull British suspicions gave out false reports of the acceleration of her naval construction. Her military experts devised plans for the invasion of Great Britain and openly congratulated themselves that the days of Nelson's strategy had gone by when the defence of the Channel was left to the winds of Heaven.

German diplomacy, with all its method, with all its skill and with all its unrivalled armoury, of which espionage is the principal weapon, has produced a situation in which Great Britain, France and Russia find themselves united in a common cause, a situation the reverse of that of 1900 when Hans Delbrück dreamed of a coalition of Germany, Russia and France against Great Britain. When the decisive moment came Germany put forward a ridiculous *casus belli* against Russia after refusing Sir Edward Grey's suggestion of a conference. She carefully cleared away the last doubts as to her intention to provoke war, then violated the neutrality of Luxemburg and Belgium, and gave Great Britain the magnificent rôle of defending the sanctity of treaties which she herself described as so many " scraps of paper." Herr von Bethmann-Hollweg and his compatriots have ceased to speak of Germany defending Europe against Slav barbarism. Their rage is now directed against the English whom they are pleased to call their near relations. They have taken endless pains to prove that the violation of Belgian neutrality was only a pretext for the English, yet they themselves presented Sir Edward Grey with a motive for war which appealed irresistibly to all. Could Great Britain have remained neutral without that motive ? For myself I think not. She could not have kept out in face of so evident and persistent a menace to her security as the patent designs of the German Empire. But how can a sample of German diplomacy which made British intervention inevitable be regarded as a proof of its method, wisdom and superiority ? Diplomacy which has arrayed Great Britain, Russia and France in war against its country has brought it into dire peril, and the more the Chancellor emphasizes the effect of British intervention, the greater is the indictment against himself and Prince von Bülow, unless, indeed, they were merely the mouthpiece of William II.

CHAPTER IX

GERMAN DIPLOMACY AND FRANCE

Bismarck's policy after Sadowa—Not extended to France—The peril of 1875—Its true character—Colonial policy and Anglophobia in France—Alsace-Lorraine—Boulangerism—Bismarck and preventive wars—Opposition in the Reichstag—The Schnaebelé affair—The Raon-l'Etape affair—The isolation of Alsace—The Emperor William II.—A policy of threats and favours—The visit of the Empress Frederick—Retaliation on Alsace—The ambitions of William II.—The Franco-Russian Alliance of 1894.

WE have seen by what methods of bluff and bluster the directors of German policy have succeeded since 1871 in drawing together Russia and Great Britain into alliance with France in opposition to the Triple Alliance. The same methods were equally characteristic of Germany's attitude towards France. In his *Reflections and Reminiscences*, Bismarck reveals that he always allowed for the contingency of which Germany stood in so much dread and we have seen the means by which he attempted to reconcile contradictory policies. There was always, however, one fatal bar to his success. Germany would make no promise not to attack France. Bismarck tells us* how he opposed the King and the military clique after Sadowa when they demanded territorial acquisitions and a triumphal entry into Vienna. He made it his business "to avoid leaving behind in her (Austria) any unnecessary bitterness of feeling or desire for revenge." He says:

"In positions such as ours was then, it is a political maxim after a victory not to inquire how much you can squeeze out of an opponent, but only to consider what is politically necessary."

Nevertheless, he betrayed this principle after the victory over France. He declared for "the frontier of language." Von Moltke demanded Metz and Belfort. Thiers replied: "If you want both, there is no chance of signing peace to-day." Bismarck says: "I was distinctly apprehensive of foreign intervention at that moment."

* *Reflections and Reminiscences*, Vol. II., p. 41.

Von Moltke abandoned Belfort and kept Metz. No sooner had the indemnity been paid and the last German troops left French soil than France was again threatened in 1875. The French had just established their fourth battalions. Von Moltke and the war party demanded a preventive war on the ground that it would be both agreeable and useful, would reduce France to impotence and give them a new sheaf of laurels with little effort. Bismarck has accused Prince Gortschakoff of having invented this story in order to rouse the Czar of Russia to intervene. "Story" or not, Queen Victoria was not slow in intervening also. On the 13th of August, 1875, Bismarck wrote to the German Emperor: "I do not know whether your Majesty would consider it feasible to take Queen Victoria at her word when she assures your Majesty that she would find it easy to prove that her fears were not exaggerated."* Bismarck goes on to speculate as to her sources of information. As a matter of fact, he knew them then and that they were quite otherwise than he hypocritically conjectured. In April, Herr von Radowitz, a very popular figure in the Court of Berlin, had seen Count de Gontaut-Biron, the French Ambassador, at a ball, and warned him that French military reorganization might lead to war. Blowitz, in the confidence of the Duc de Decazes—then Minister for Foreign Affairs—wrote to *The Times*, saying that Germany intended to "bleed France white," to exact an indemnity of ten milliards (£400,000,000), payable within twenty years, and to keep an army of occupation in the eastern departments until that sum was paid. Mr. Delane, the well-known editor of *The Times*, only published this piece of news after having verified it. Now the German Ambassador in London, Herr von Munster, and the British Ambassador in Berlin, Lord Odo Russell, had both announced it. The German Press denied it, but Radowitz, who had made the original remark to de Gontaut-Biron, continued to remain high in Bismarck's favour. One day, when Bismarck attributed this story to Stock Exchange speculators, Lord Odo Russell replied: "Will you censure your four ambassadors who have misled us and the other Powers?" Bismarck gave no answer. He says in his *Reflections and Reminiscences* (Vol. II., p. 189):

"So far was I from entertaining any such idea at the time, or afterwards, that I would rather have resigned than lent a hand in picking a quarrel which could have had no other motive than preventing France from recovering her breath and her strength."

* *Bismarck's Reminiscences*, Vol. II., p. 191.

Nevertheless, his letter of the 13th of August to the Emperor contained the following observation :

" But, on the other hand, it is not advantageous to give our enemy (France) the assurance that we shall in any case await his attack " (Vol. II., p. 192).

It is highly probable that Von Moltke and the war party, who were so often the object of Bismarck's complaints, really had the intentions divulged by Radowitz to Count de Gontaut-Biron. However that may be, Radowitz's indiscretion proved doubly useful to Bismarck. He confounded the war party and at the same time intimidated France by revealing his hope that peaceful means would dissuade her from pursuing her military reorganization. The result was the reverse of what he wished. Great Britain and Russia both intervened and their rulers intimated to the Emperor William their distrust of the aggressive tone of German policy.

I have recounted,* briefly and without exaggeration, the deplorable consequences of the policy into which Bismarck led France at the Congress of Berlin in 1878. He successfully directed French passions against Great Britain and induced his dupes to squander their strength in Africa and the Far East, and generally to subordinate French foreign policy to the necessities of Germany. The question of colonial policy was the determining issue of the French elections of 1885. According to the ministerial declaration of November 16th, " The extension of our colonial enterprises imposes an unjustifiable burden upon us ; " and when M. de Freycinet became President of the Council, he declared on the 7th of January, 1886, that " Universal Suffrage means that France shall pursue a policy of peace and honour, and shall make her weight felt on the Continent. There must be no more of these oversea adventures."

Unfortunately M. de Freycinet showed lack of statesmanship by allowing General Boulanger to be thrust upon him as Minister for War. The new Ambassador in Berlin, M. Herbette, hastened to assure the Emperor William I. at his first audience on the 23rd of October, 1885, " that the political aims of the French Government were peace, industry and stability." William I. could hardly reply that he hoped they would fail and had perforce to rest content with this assurance ; but a month later, on the 25th of November, a Bill was brought forward to increase the German army by ten per cent. on its peace footing, and even more on its war footing. To overcome

* *Journal des Économistes*, May 15th, 1914, pp. 195–201.

the opposition of the Reichstag Von Moltke was imported, in the hope that his immense prestige would influence the assembly, and he declared that

> "An understanding with France has been spoken of. But as long as public opinion in France demands the restoration of two essentially German provinces, such an understanding is impossible."

In France the "League of Patriots" did its best to furnish arguments to Von Moltke and the big-army party. Its noisy and irresponsible agitation found a fitting mouthpiece in General Boulanger and the attitude of the German Press gave it a handle.

Speaking on the 11th of January, 1887, Bismarck said: "We are at the moment in possession of the subject of dispute—Alsace. We are not therefore fighting to obtain it." He declared himself hostile to the idea of a preventive war. "I never believe in making war merely because sooner or later war is inevitable." He recited the appalling consequences to Germany of a French victory, if war broke out; but if Germany should triumph, "we should try to reduce France to such a condition that she would be unable to attack us for thirty years." With all this persuasion, however, the Reichstag voted the law for three years only and was immediately dissolved. Francophobia was made the issue in the ensuing electoral campaign and the Chancellor roused public feeling to fever-heat by the broadcast distribution of pamphlets and posters showing French soldiers invading Germany and carrying away the women and cattle. The Press announced that seventy-two thousand reservists would be called up for the 7th of February. On the 11th of March the new Reichstag passed the Seven Years Law by 227 votes to 31. There were 34 abstentions.

The agitation died down, but five weeks later, on the 10th of April, a French police commissioner named Schnaebelé was arrested on the frontier and taken to Metz. This man was arrested on a warrant emanating from the tribunal of Metz, ordering him to be seized as soon as he set foot on German soil. The charge preferred was that of high treason committed in France. He had been denounced by a man named Klein, himself accused of the same crime. Schnaebelé had been lured on to the German side of the frontier by his German colleague who pretended that a frontier-post had fallen down. While on the German side and waiting for his colleague he was set upon by some other men and though in the

course of the struggle that followed he got back on to French soil, he was none the less arrested.

Explanations lasted until the 27th of April. The German Government would not admit any violation of the frontier, but could not help recognizing that a trap had been set, and on the 29th gave orders for Schnaebelé's release.* The French Government thus vindicated their rights in the particular instance, but the German Government preferred a claim to charge Frenchmen with high treason for acts committed on French soil. *The Times* pointed out that according to this theory all Frenchmen might be charged with treason by Germany and likewise all Germans by France. A charge of treason brought by one country against another is ridiculous. While the incident was under discussion Bismarck uttered these words in the Prussian Chamber :

> " It is impossible to establish permanent friendly relations with so quarrelsome a race as the French, who have attacked us times without number in the past."

Under the circumstances, this declaration was an additional proof that Bismarck shared the common German defect of want of tact. His acts and speeches were far more dangerous than the freaks of Paul Déroulède and the antics of the circus general named Boulanger who left the Ministry on the 30th of May. The incident closed officially on the note of " Peace with Honour."

On the 24th of September, 1887, there was a new frontier incident at Raon-l'Etape. A soldier named Kauffmann, lent to the Forestry Department, shot a Frenchman, M. Brignon, and wounded another, M. de Wangen, who were shooting with three friends near the frontier. The German Government granted an indemnity of fifty thousand marks to M. Brignon's widow but no proceedings whatsoever were taken against Kauffmann. On the contrary, he was rewarded by his officers for " the noble achievement of having killed a Frenchman."

As Bismarck said, the German Empire was " in possession of the subject of dispute." Yet no progress was made towards assimilating the new provinces. The people of Alsace-Lorraine were stung to fury by the measures taken by their first *Statthalter*, Herr von Manteuffel, and his successor, Prince Hohenlohe. The machinery of law was set in motion to repress expressions of opinion. French

* See *L'Allemagne et la France en Europe* (1885–1894), by Pierre Albin (Paris, Felix Alcan), p. 82.

newspapers were not allowed in the two provinces. A close watch was kept on girls' schools to discourage the teaching of French, and no Frenchman was allowed to visit Alsace without a special permit from the authorities.

The *North German Gazette* explained these measures of repression by saying that "the chief obstacle to the assimilation of Alsace was the continuation of social and economic relations with France." Accordingly, those relations had to be restricted if they could not be altogether suppressed. The French Government even had to make an arrangement with Switzerland by which trains which had formerly passed through Mülhausen were allowed to travel on Swiss territory.

Thus it came about that after nineteen years Bismarck was declaring that France must definitely resign herself to the loss of Alsace and Lorraine, and at the same time admitting that the "germanization" of those two provinces had made no progress. German tyranny there was itself, in fact, the heaviest indictment of the territorial arrangements of 1871. Bismarck was also unwittingly admitting that the German Empire was a thing so delicate and fragile that its existence could only be maintained by an armed force which he was pleased to call defensive. Yet he could not have created that armed force without the aggressive arguments he advanced at one time against France, at another against Russia. When he retired he left the inevitable Franco-Russian Alliance as a legacy to William II.

However, Bismarck stood for a certain guarantee of peace which vanished when William II. became his own Chancellor. At the Labour Conference which was to have been held at Berne, but which he managed to get transferred to Berlin in 1890, he showed himself very friendly to Jules Simon and the other French delegates. But no one was deceived by that manœuvre. On the 6th of May, at the opening of the Reichstag, he brought forward a Bill to increase the field artillery by seventy batteries and the establishment by eighteen thousand men. The two new army corps were brought up to strength by the addition of their special arms. Caprivi, the new Chancellor, justified the measure by Bismarck's old argument—the *rapprochement* between Russia and France.

Bismarck's ambition was that Germany should always be so powerful as to inspire terror in all other nations. In 1871 the Army establishment was fixed for three years at 401,059 men; that is to say, one per cent. of the total population, in conformity with Article 60 of the Constitution. In 1874, however, the General Staff

had the three years extended to seven, and in 1881 the establishment was fixed for another seven years, to the 31st of March, 1888, at 427,274 men.

These Seven Years Laws fixed the Army establishment for a definite period, avoided the necessity of frequent reference to the Reichstag, and gave the Chancellor a free hand with his foreign policy. Further, these laws were only binding on the Reichstag. The Chancellor could ask the Reichstag to modify them if he thought fit, and on the 25th of November, 1886, though the seven years' period did not expire until 1888, he demanded an additional 41,135 men.

A year later the Chancellor again violated the Seven Years Law. The service of the six classes of trained men whose time in the *landwehr* would normally have expired in their thirty-third year was extended to their thirty-ninth. Every fit man between seventeen and forty-five who had not done service either in the Army or Navy was to be incorporated in the *landsturm*.

On the 6th of May, 1890, as we have seen, the Seven Years Law of 1887 was revised. The establishment was increased by eighteen thousand men; seventy batteries were added to the artillery, and so on. It will be noticed that the Seven Years Laws were never revised in favour of the diminution of armaments, but always in the direction of increase.

The Freycinet Ministry (1890–1892), in which M. Ribot was Minister for Foreign Affairs, put an end, at least for the moment, to the anti-English policy of France by concluding the Agreement of the 5th of August, 1890.* At the same time Russia and France were drawing ever closer together.

An incident in 1891 showed the uncertainty of the relations between France and Germany. William II. projected an exhibition of paintings at Berlin and commissioned Détaille, the most national of French painters, to secure the support of French artists, as the Government did not wish to take any part. Détaille was successful. The Empress Frederick suddenly resolved to pay a visit to Paris. She went to Versailles and crossed the Park of Saint-Cloud. Her movements became the subject of great clamour among the Boulangists. Détaille received the Empress on her first visit, but two days later, under pressure from Déroulède, he withdrew his co-operation. His defection was followed by that of the other artists he had secured. The Empress had to leave France without any public reception.

* I was a member of that Ministry.

The German Press immediately broke into a storm of anger and threats over the incident. Not only the Press. Baron Marschall von Bieberstein, the Minister for Foreign Affairs, indulged in so violent a tirade to the French Ambassador, M. Herbette, that the latter thought it best to put an end to the conversation by withdrawing. M. Ribot issued a circular to foreign Governments which showed the affair in its true light. The German Government could hardly declare war because Déroulède and Francis Laur had addressed two meetings at which only two or three hundred persons had been present; but they showed their ill-will by issuing an order that on and from the 3rd of March, 1891, the law of the 22nd of March, 1888, relating to the necessity of passports in Alsace, should be enforced with the utmost rigour and that the concessions granted in respect of railway travelling should be withdrawn.

It is difficult to imagine a more childish exhibition of rancour.

On the 1st of May the French Exhibition in Moscow was opened. The Czar visited it in person. In July a French squadron visited Cronstadt. On the 22nd of August an agreement was concluded, based on the recognition by France and Russia of their common interest in the maintenance of peace, and establishing the obligation on either contracting Power to take measures in concert with the other to preserve that common interest should it be threatened by any European Power.*

On the 14th of September William II. made an inflammatory speech at Erfurt in which he spoke of "the Corsican upstart who inflicted deep humiliation on the Princes of Germany in this city;" but on the 16th of September he abolished the passport regulations in Alsace-Lorraine! However, on the 30th of May, 1892, the Reichstag approved a Bill empowering the district military authorities to declare a state of siege in the Reichsland. The official correspondence of seventy-four communes, in which French alone was spoken, was henceforth to be in German. French plays were prohibited in Mülhausen. A little later it was decreed that the state registers must be kept in German only.

At the end of the year a new Army Bill increased the establishment by 2,138 officers, 11,000 non-commissioned officers and 73,000 men, and the estimates by 66,800,000 marks (app oximately £3,330,000). Bismarck's arguments were heard once more in the mouth of Caprivi. Of course, there was no question of immediate war, but "the French

* *L'Allemagne et la France en Europe*, by Pierre Albin. (Paris, F. Alcan.)

love war for the glory it brings," and the Chancellor spoke of them as ready to hurl themselves on Germany. He wound up with a reference to the Franco-Russian *rapprochement*, the result achieved by German diplomacy, to their utter amazement and confusion.

In 1893 the Emperor William went to celebrate the anniversary of Sedan on the battlefields of Lorraine. He made a triumphal entry into Metz at the head of 25,000 men and in the course of a banquet told the Lorrainers, "Germans you are, and Germans you shall remain."

After various negotiations, not free from difficulty, the Franco-Russian Alliance was signed in March, 1894. Thus was lost to Germany that European hegemony to which Bismarck had never ceased to aspire, and which William II., with greater emphasis, if less authority, has ever demanded as her due.

CHAPTER X

GERMAN DIPLOMACY AND FRANCE

ALGECIRAS

Bismarck a reluctant advocate of colonial policy—Opposition in the Reichstag —New Guinea—Angra Pequeña and Great Britain—Togoland and the Cameroons—The Berlin Conference of 1885—Subsidies for German shipping—Caprivi's opposition to colonial expansion—The Anglo-French Agreement of April 12th, 1904—The Franco-Spanish Agreement—The resignation of Von Bülow—The Emperor William's rage—Herr von Kühlmann and M. Saint-René Taillandier—William II.'s visit to Tangier—Germany's insolent demands—"We stand behind Morocco with our full strength"—The Algeciras Conference—German manœuvres are checked—Von Bülow and the "isolation" of Germany—German diplomacy as seen by the Frankfort Gazette.

WE have already noticed certain deviations in Bismarck's policy even during his long dictatorship. There remains another, his excursions into the realm of colonial expansion.

Bismarck found it profitable to offer colonies to France but many Germans found it intolerable that France should be allowed to add to her territory while Germany remained confined within her old frontiers. Bismarck feared friction with Great Britain and the Liberals, on whose support he depended, opposed colonial adventures. However, in 1879, after the collapse of the important house of Godefroy, which had a large connection in the South Seas, he asked the Reichstag for a State guarantee for a company which was to take over its plantations in Samoa. The Reichstag refused.

A company was formed and began operations in the north of New Guinea. The *Deutscher Kolonial Verein* began to work up public opinion in favour of colonial policy. Bismarck yielded. In 1883, when a Bremen merchant named Lüderitz suggested to him the establishment of a trading-station at Angra Pequeña, he informed Great Britain. As that Power raised no kind of objection and even ignored the intimation, Bismarck declared the whole coast and *hinterland*

between the Portuguese possessions and the Orange River (with the exception of Walfisch Bay) a German Protectorate. Further north, Dr. Nachtigal, stealing a march on both the French and English, occupied Togoland and the Cameroons. In 1884 and 1885 a German Protectorate was established on the east coast of Africa. Simultaneously German colonies were established in New Guinea and in the archipelago of New Britain. The Caroline Islands would have shared the same fate had it not been for the award of Pope Leo XIII., who was called in to arbitrate between Germany and Spain. Bismarck announced that he meant to delegate responsibility for the colonies to the traders. The new territories were considered merely as protectorates, not incorporated in the Empire; but in 1888 an Arab rising compelled the German Government to undertake the defence and administration of East Africa and all the German colonies were put under the direction of a department of the Foreign Office. At the Berlin Conference of 1885 Bismarck obtained recognition for the German possessions in East and West Africa, and a year later for the South African possession also.

In 1881, as part of the programme, Bismarck demanded a subsidy for German shipping; but the project was opposed by Bamberger and the Liberals and it was not until 1885 that he obtained subsidies for Pacific steamship lines. Then others followed.

On the other hand, in 1892 Caprivi opposed the colonial movement, and to those who said "Why not take the French colonies?" he replied, "We have quite enough of our own" (November 23rd, 1892). This retort, however, far from soothing the German "colonials," only served to irritate them. France occupied Tunis, Indo-China, Madagascar, the Sudan, the Congo, and had by no means forgotten Alsace-Lorraine. It was not fair.

The Fashoda incident did not lead to war between France and Great Britain. At the time of the South African War Von Bülow was given to understand that he could not drag France into a war against England. At the end of March, 1904, he was informed that an agreement was about to be concluded between Great Britain and France.

This *entente* bore the date of April 8th, 1904. On the 12th of April Bülow, who had known of it a fortnight before, told the Reichstag that "from the point of view of German interests it contains nothing objectionable; from the point of view of Morocco, German commercial interests have everything to gain from the establishment of peace and order in that country."

On the 6th of October, 1904, a Franco-Spanish treaty was concluded by which Spain adhered to the Anglo-French Agreement. The Wilhelmstrasse was informed the same day and the German Chancellor's attitude remained unchanged. His complacence, however, was illusory. On the 24th of April, 1904, the Emperor William had rancorously complained of the warm reception which Italy had given to M. Loubet in the previous year.

"Think of the glorious epoch which created anew the unity of the German nation; think of Wörth, Weissenburg and Sedan. . . . I trust that the results of the events we see passing before our eyes will be . . . to find us united, if ever we are called on to take our part in world politics."

On the 30th of May the German Colonial Assembly passed a resolution in the following terms:

"In case of any modification of the *status quo*, the German Empire must receive compensation sufficient to counterbalance the increase of French power, and corresponding to the importance of her economic interests in the country, her need of naval bases and the requirements of her expanding population."

At that time Russia was engaged in her war with Japan and France could look for no material assistance in that quarter. Further, various deputies and journalists were urging incessantly that disorganization prevailed in the French army and navy.

On February 11th, 1905, the German Minister at Tangier, Herr von Kühlmann, said to the French Minister, M. Saint-René Taillandier:

"We have noticed that you systematically treat us as of no account. I am formally instructed to tell you that the Imperial Government will ignore all agreements that may have been concluded with regard to Morocco and will maintain complete liberty of action in respect of that question."

Von Bülow told the French Ambassador that he knew nothing of the words "attributed" to his *chargé d'affaires*. A month later William II. announced his pending visit to Tangier. In the Reichstag Bülow declared:

"I consider that the duty of the German Government is to see that in future our economic interests in Morocco are not injured."

The Frankfort Gazette considered that that formula implied the "maintenance of the territorial integrity of Morocco." Immediately afterwards the voice of menace made itself heard in the *Münchene Neueste Nachrichten*: "The reply of the threatened German interests

will be made through the gateway of Metz." Another journal tried a flight of wit by adding that "English warships could hardly be fitted with wheels so as to take part in a continental war."

After delivering a speech at Bremen, William II., on March 23rd, embarked on the liner *Hamburg* which was escorted by the cruiser *Friedrich Karl*. He stopped at Lisbon from where he is said to have telegraphed to Bülow that he would not go to Tangier. Bülow seems to have replied that as his voyage had been deliberately planned and begun it could not be broken off. The Emperor accordingly proceeded. When he reached Tangier harbour, he sent his aides-de-camp on shore at once but delayed his own landing for nearly four hours. He was received by Mouley-Abd-El-Malek, and said to him: "I consider the Sultan an absolutely free Sovereign, and it is with him that I wish to confer as to the best means of safeguarding German interests in Morocco with all our strength."

The German Government published a "White Book," setting forth reasons for the voyage and the Emperor's declaration. It began with certain quotations from the Press in justification of the step. Now, with the exception of an extract from the *Temps*, all of them were subsequent to Bülow's speech announcing the Kaiser's voyage. The "White Book" put them forward as "provocation," yet in fact they were that unusual species of provocation which follows, not precedes, the decision and the act! The whole German case was based on the assertion that M. Saint-René Taillandier had addressed the Sultan as the mouthpiece of Europe, but his subsequent dispatches revealed what he actually *had* said:

"I reminded the Sultan that he was under an obligation to safeguard by any and every means the French and European interests which were in such serious jeopardy."

The German consul at Fez, in face of this simple and positive declaration, made at the moment by a man who appreciated the significance of his words, could only bring forward a version which he had more or less wrung from the Sultan.

There followed an impertinent German attack on the Minister for Foreign Affairs, M. Delcassé, who was compelled to hand in his resignation on the 8th of June, 1905.*

M. Rouvier, President of the Council, took over his portfolio—and also his difficulties. The Wilhelmstrasse called for a conference, which they induced the Sultan to demand. Prince Radolin, the

* See Victor Bérard: *L'Affaire Marocaine.* (Paris.)

German Ambassador in Paris, said at the Quai d'Orsay: "We stand by a conference, and if there is no conference, then by the *status quo*. You must realize that we are behind Morocco with our whole strength."

Germany hoped to secure through the conference the establishment of international police, army, and financial administration in Morocco, in which she would have a controlling voice. Von Bülow took to threats. He said to the French Ambassador, M. Bihourd: "This difficult, this *very* difficult question, must not be allowed to drag on. It is not wise to linger on the edge of a precipice." At last, on the 8th of July, M. Rouvier accepted the idea of a conference with the reserve that "the Imperial Government should pursue no objective contrary to the interests of France or the rights conferred by existing treaties and arrangements."

During the negotiations Count Tattenbach made the most strenuous efforts to secure a concession for the harbour works at Tangier and other Moroccan ports, an order for ships, a loan, and a contract for the material and installation of a cable between Tangier and the Atlantic coast. All this was denied at first in Berlin but in September Von Bülow came to the end of his evasions and quietly said to the French Ambassador: "In your place I should secure a similar concession."

In a word, "I am guilty; be guilty too, and we shall be quits."

The Conference met at Algeciras on the 16th of January, 1906. The Russo-Japanese War had ended in the previous August so Russia was free. Great Britain and Spain were in agreement with France. The German Emperor offered the policing of all the Moroccan ports,* both to Italy and Spain, and took to threats when, on March 3rd, M. Revoil having demanded a discussion of the police question and Herr Radowitz opposing, ten votes were given in favour of it and only three votes against, the latter being those of Germany, Austria-Hungary and Morocco. Germany, in no wise abashed, telegraphed to St. Petersburg and Washington that all the Powers had deserted France. In the night of March 13th–14th the English Government replied by a circular telegram, asserting their complete agreement with France. On the 19th a similar assurance was given by the Russian Government.

On the 20th of March Herr von Tschirschky, Secretary of State, said to M. Bihourd:

"The difficulties are at an end, since we conform to your wishes."

* Tardieu: *La Conférence d'Algésiras.* (Paris, F. Alcan.)

In his book, *Imperial Germany*, Prince Bülow professes himself satisfied with the result, which he records in these words :

" Nevertheless, we succeeded in preserving the sovereignty of the Sultan, and in securing international control of the police organization and the Moroccan National Bank, thus ensuring the open door for German economic interests as well as for those of all other countries." (P. 82.)

M. Delcassé had left the Quai d'Orsay. The Tangier voyage was over. The Algeciras Conference had finished its labours. Nevertheless, Bülow, speaking on the 15th of November, 1906, sounded a note of petulance and menace :

" A policy which aimed at encircling Germany, at forming a ring of Powers to isolate and paralyse us, would be very dangerous for the peace of Europe. Such a ring is impossible without the exertion of a certain pressure. Pressure creates counter-pressure. Pressure and counter-pressure can easily produce explosions."

Yet when Germany formed the Triple Alliance, when in 1884 she added to that another Triple Alliance embracing Austria and Russia, and when she urged France into conflict with Great Britain—what was all that but an attempt to isolate France ? Germany's idea of what was legitimate was everything that increased her strength against France, but everything that increased French resistance to her aggression she denounced as provocation on the part of France.

When she held M. Delcassé responsible for the policy of so-called " isolation " of Germany, she paid him the greatest possible compliment, for she thereby admitted the superiority of French diplomacy to her own. The German charge was that M. Delcassé wanted to isolate Germany by the Anglo-French Agreement, the Franco-Italian Agreement, and the Franco-Spanish Agreement, superimposed on the Franco-Russian Alliance. The mighty Power which aspired to the hegemony of Europe thus behaved like a lost child, crying, " I won't be left alone ! I'm frightened ! "

To complete the picture, Germany threatened to hurl her army at the Powers which " ringed her round."

About the end of 1906 the Frankfort Gazette gave the following *résumé* of the achievements of German diplomacy :

" German diplomacy has become unpopular throughout the world. First, the telegram to Krüger ; then declamations against the Yellow Peril and America ; then pan-Islam agitation in Africa. One blunder after another . . . what has it all led to ? We left the Boers to shift for themselves. The Japanese have beaten the Russians. The Sultan of Morocco has had to accept the Franco-Spanish police. . . ."

That is a *German's* considered judgment of German diplomacy—diplomacy which has always been inspired by the Kaiser himself or the Chancellor, and never been hampered by Parliamentary institutions. Yet French writers and politicians are still to be found who wax enthusiastic over the autocratic régime of Germany, the consistency of her policy and the mechanical precision of her methods, and not even a patent success such as that of Algeciras can shake their assertion that France was beaten.

CHAPTER XI

GERMAN DIPLOMACY AND FRANCE

AGADIR

The affair of the deserters—The interview with the Kaiser recorded by the *Daily Telegraph*—Germany's threatening attitude—The agreement of February 9th, 1909—The annexation of Bosnia and Herzgovina—Germany "in shining armour"—The Agadir *coup*—Herr von Kiderlen Wächter's declarations to Herr Class, President of the Pan-Germanic League—Germany's object—Uncertainty—Morocco and the Congo—"Our place in the sun"—German indifference to the Algeciras Convention—The arrangement of November 4th, 1911—"Diplomatic ethics"—The five threats to France—Bülow's confession—The motives for Germany's ill-will—The routes through Alsace and Lorraine.

THE Algeciras Conference made little improvement in the internal condition of Morocco. In March, 1907, Dr. Mauchamp was murdered at Marakeck. In July some European workmen employed at the port of Casablanca were killed. Moulaï Hafid, brother of the Sultan Abd-el-Aziz, organized a rebellion which was supported by the Germans who had abandoned their former protégé.

Six deserters from the Foreign Legion, three of them Germans and the others Swiss and Austrians, had been granted safe-conducts by the German Consulate. On the 25th of September, 1908, the French prevented them from embarking and there was something in the nature of a "scene," in which the Chancellor of the German Consulate took part. Baron von Schoen, then Secretary of State, suggested arbitration. France agreed. Baron von Schoen immediately demanded that France should first apologize for the encroachment of her agents on the prerogatives of the German Consulate, Germany expressing her regret for the grant of safe-conducts to Swiss and Austrians who had obviously no right to them.

On October 28th the *Daily Telegraph* published a famous account of an interview with the Kaiser, in which he avowed his friendship for Great Britain but declared that it was not shared by the German

nation. The publication of this interview caused the greatest excitement in Germany, and both the Emperor and the Chancellor were severely criticized.

Was Bülow trying to distract public attention from the affair of the deserters? However that may be, he began to adopt a threatening attitude towards France. Prince Radolin said as much to M. Clemenceau and talked of leaving Paris.

The situation became so grave that the Army Corps of the East were confined to barracks and the decision was taken to recall the class dismissed in September. At last the German Emperor consented not to go to war for such a trivial affair in which he was hopelessly in the wrong, and on November 10th he agreed to arbitration without a preamble. On the 15th of November, Prince Bülow, in the Reichstag, professed his friendship for France. This display of good feeling was followed by the agreement of February 9th, 1909, whereby Germany, recognizing the special political interests of France in Morocco, undertook not to stand in her way. France guaranteed Germany economic equality as she had already done in the case of England, Spain and Italy. In May, 1909, a Moroccan Public Works Association was formed, comprising all the great commercial houses which had tendered for public works in Morocco in the previous six years.

In March, 1910, following on friendly negotiations, France and Germany decided on a Moroccan loan to pay off the European creditors whose claims had been examined in 1909 by an international commission sitting at Casablanca. At the moment Franco-German relations seemed to be on the most excellent footing.*

In *Imperial Germany* Prince Bülow speaks of the annexation of Bosnia and Herzgovina as Germany's revenge for the Moroccan affair and the German Ambassador at St. Petersburg told M. Isvolsky, the Russian Minister for Foreign Affairs, that Germany, "in shining armour," stood beside Austria.

The real attempt at revenge on the part of the German Empire was the Agadir *coup*.

On July 1st, 1911, Baron von Schoen, the German Ambassador, handed to M. de Selves, who had only been three days at the Quai d'Orsay, the following note:

"Various German commercial houses which carry on business in southern Morocco, and particularly in Agadir and its neighbourhood, are alarmed at

* Tardieu: *La France et les Alliances* (1910). (Paris, F. Alcan.)

the unrest among certain tribes. These houses have asked the Imperial Government to undertake the protection of the persons and property of their representatives. In answer to this request the Government have decided to send a warship to the port of Agadir, so that in case of necessity assistance and protection may be given to German subjects and protégés and the important German interests in that region. As soon as tranquillity and order are restored in Morocco, the vessel charged with this mission of protection will leave the port of Agadir."

In the version which appeared in the *North German Gazette* a more ominous note was heard. The protection of German subjects was only a pretext. The *Panther* was sent to Agadir, not to intimidate Moroccan tribes, but to intimidate France and deprive her of the benefits of the Algeciras Convention.

The moment was well chosen. Saturday being the first day of the English week-end, Sir Edward Grey was not at Downing Street. Also, it was the eve of the departure of the President of the Republic and the Minister for Foreign Affairs for the Netherlands. Lastly, the Emperor William II. was just about to start on his annual cruise to the Norwegian fjords in order to create the alibi which was to do such good service at the end of July, 1914.

With the clumsy bad faith which is characteristic of the German Government they attempted to deny their intentions in this theatrical proceeding, but the *Fortnightly Review** has published the evidence given on January 9th, 1912, in court by the editor of the *Rheinisch Westfälische Zeitung* in an action brought by him against the *Grenzboten*. It has only appeared in the former journal and the *Tägliche Rundschau*, but has never been contradicted by the persons mentioned :

" Herr Class, the President of the Pan-Germanic League, is prepared to state upon oath before this Court that the Secretary of State for Foreign Affairs, Herr von Kiderlen Wächter, writing to him from Kissingen, requested Herr Class to meet him at the Hotel Pfälzer Hof in Mannheim. During the interview, which occupied several hours, Herr von Kiderlen-Wächter stated : ' The Pan-Germanic demand for the possession of Morocco is absolutely justified. You can absolutely rely upon it that the Government will stick to Morocco. M. Cambon is wriggling before me like a worm. The German Government is in a splendid position. You can rely on me, and you will be very pleased with our Morocco policy. I am as good a Pan-German as you are.' On the 1st of July Herr Class called at the German Foreign Office, and failing to find Herr von Kiderlen Wächter, was received by Herr Zimmermann, the Under-Secretary. Herr Zimmermann told him : ' You come at an historic hour. To-day the *Panther* appears before Agadir, and at this moment (twelve o'clock mid-day)

* No. XCI., New Series, 462.

the Foreign Cabinets are being informed of its mission. The German Government has sent two *agents provocateurs* to Agadir, and these have done their duty very well. German firms have been induced to make complaints and to call upon the Government in Berlin for protection. It is the Government's intention to seize the district, and it will not give it up again. The German people require absolutely a settlement colony. Please prevent, wherever in the Press you have influence, the raising of claims for compensation elsewhere. Possibly France will offer us the Congo. However, the German Government does not want compensation elsewhere but a part of Morocco.' "*

There is the objective, stated unequivocally. The French Ministers were thoroughly perturbed by this act of aggression. Should they send a warship in reply to the dispatch of the *Panther?* M. Delcassé, then at the Admiralty, was opposed to that course, and finally it was decided that France should follow the lead of Great Britain. While M. de Selves was in the Netherlands, M. Caillaux, President of the Council, had temporarily taken his place at the Ministry for Foreign Affairs. He had a conversation with Herr von Gwynner, President of the *Deutsche Bank*, and member of the Prussian Upper House. But the *Panther*, a small gunboat about 210 feet in length, was replaced by the cruiser *Berlin*, about 340 feet long and carrying a crew of 273 men and 13 officers. France was retreating, Germany advancing.

What did she really want ?

" A final solution of the Moroccan question," said the official Press. But by what means ? To this question various answers were returned.

Sir Edward Grey and Mr. Asquith, supported by Mr. Balfour, Leader of the Opposition, and Mr. Ramsay Macdonald, Chairman of the Independent Labour Party, made an emphatic declaration that the British Government would take all necessary steps to protect British interests and fulfil the engagements contained in the treaty with France. Count Osten Sacken, the Russian Ambassador, made a friendly inquiry as to the views of the German Government.

M. de Selves, having returned to the Ministry for Foreign Affairs, asked Baron von Schoen what Germany wanted. Baron von Schoen replied that " he had no information on the matter." M. Paul Cambon was accordingly instructed to press the Wilhelmstrasse for the answer which their Ambassador in Paris professed to be unable to give. On July 8th, Baron von Schoen, speaking purely in a private capacity, said that " he thought the Congo might become

* Quoted by J. Ellis Barker in his article, " Anglo-German Differences and Sir Edward Grey," *Fortnightly Review*, March 1st, 1912.

the subject of some understanding." Next day Herr von Kiderlen Wächter, the Minister for Foreign Affairs, said as much officially.

It has been rightly said that Germany was pursuing a policy of extortion. She was demanding the Congo from France in exchange for Morocco, as if Morocco belonged to Germany.

The negotiations followed a strangely erratic course. On July 15th Herr von Kiderlen Wächter demanded the whole of Gaboon and all the French Congo situated between the Atlantic and the river Sanga. The French Government replied that " they could not entertain any proposals on that basis." On the 23rd, Herr von Kiderlen Wächter offered to compensate France with the Bec de Canard and Togoland; but at the same time he reserved the right to open the question of special guarantees in favour of German trade and industry in Morocco.

The firmness of Great Britain made the Wilhelmstrasse draw back. Germany gave up all claims to territorial compensation in Morocco, but she demanded a favoured nation treatment in that country and the maintenance of the system of " protégés," which the French Government particularly wished to abolish. On the 1st of August Herr von Kiderlen Wächter demanded compensation in the Congo: (i.) Access to the sea between Libreville and Spanish Guinea in such a way that the German possession should surround that colony; (ii.) access to the river Congo. In return France was to have a free hand in Morocco.

Access to the river Congo meant cutting French Equatorial Africa in two.

On the 4th of August Herr von Kiderlen Wächter demanded more than half of Gaboon and the middle Congo. France was to surrender to Germany her right of pre-emption on Spanish Guinea, and to come to some arrangement with Germany in anticipation of the disappearance of the Belgian Congo. On the 9th he maintained all these demands, and withdrew the offer of Togoland. On the 14th and 17th there were further demands. The conversations were interrupted by the absence of the German Minister for Foreign Affairs and the Chancellor; but the German Press put their requirements still higher. At a banquet given by the Hamburg Senate the Kaiser repeated once again: " You may rest assured that no one will deny us our place in the sun." Both he and his audience took his words to mean that if Germany coveted territory already in the possession of France, the French would have to give place.

On September 7th, when conversations were resumed, the whole

question was at large. In Morocco Germany reserved to herself the right to treat directly with the Sultan and refused even France the right to suggest reforms to him. Two zones were created, one south and the other north of the Oued Tensift. The Germans were to be guaranteed thirty per cent. of the public works in the first and seventy per cent. in the second.

A similar guarantee was to be given in respect of the iron ores.

Germany was calmly proposing to tear up the Algeciras Treaty, but she was forced to give way. On September 23rd an agreement seemed to have been reached, but on the 27th Herr von Kiderlen Wächter substituted new claims in Morocco for those he had had to abandon. Again on October 11th the matter seemed to have been concluded but discussion revived over the question of the bi-section of French Equatorial Africa. Herr von Kiderlen Wächter consented to accept in substitution two strips of territory which would connect the Cameroons with the river Congo. On October 25th the parties were at one ; but on the 26th Herr von Kiderlen Wächter raised the question of the French right of pre-emption on the Belgian Congo, a right which was impliedly recognized in the Berlin convention of 1885, and formally acknowledged by the Franco-Belgian arrangement of December 23rd, 1908. At length a formula was found, and on the 4th of November the convention was signed.

The first Article gave France full liberty of action in Morocco. This was the result for which Germany had threatened Europe with a general conflagration ! It was true that she had obtained compensation, but only by means which had inspired fresh distrust of the " diplomatic ethics " of the Wilhelmstrasse. Herr von Kiderlen Wächter's manœuvres during the four months, now giving, now withdrawing, and introducing fresh unexpected demands, were those of an unskilful horse-dealer. The Germans admitted the check, but consoled themselves with the thought that the Moroccan question was not settled, but merely postponed.*

Since 1871 Germany's relations with France have been marked by five distinct threats on the part of the former Power : the crisis of 1875, the Schnaebelé affair, the voyage to Tangier, the affair of the Casablanca deserters, and the Agadir *coup*. But these were only the patent threats. To them we must add latent threats, provocative conduct, the alternately contemptuous, patronizing and aggressive

* Georges Blondel : *Deutsche Kultur*, in *Le Monde Économique*, December 19th, 1914, p. 1355.

attitude of Germany, the speeches of the Kaiser, the Chancellors, the Foreign and War Ministers, and last but not least, the incessant growth of German armaments, in justification of which they put forward, in terms more or less explicit and provocative, the irreconcilability of " the hereditary foe." This description is known to be totally false.

Prince Bülow, in his book *Imperial Germany*, has revealed the motives of Germany's attitude towards France :

" No nation has ever recovered so quickly as the French from the effects of national disasters. None have ever so easily regained their elasticity, their self-confidence and their energy after grievous disappointments and apparently crushing defeats." (P. 72.)

Thus we see that the resurrection of France after the downfall is the cause of Germany's ill-will, disappointment and alarm. The enemy she thought dead is alive and has upset all her calculations.

Bismarck's idea was to get rid of France by urging her into a policy of colonial expansion. France took the hint and succeeded better than Germany, thereby creating a new cause of hatred and jealousy.

Above all Prince Bülow reproaches France with a failure to realize the imperious political necessities of Germany. Through Alsace and Lorraine lie the routes from Paris to Frankfort, Leipzig, Dresden, Bâle, Munich, the Danube valley and Vienna.

" In France there is no comprehension of the fact that what seems to them the brutal severity of the conqueror was really a matter of necessity to us Germans."

Why ? Because the possession of Alsace and Lorraine is a military asset in a German attack on France. But then the possession of those provinces must also be a national necessity for France. This has never occurred to Prince Bülow who never sees beyond the interests of Germany. He is at a loss to understand how other nations are also concerned for their own interests and security.

German diplomatists have never been able to enter into the feelings and aspirations of other nations. Hence their failures.

CHAPTER XII

GERMAN DIPLOMACY AND ITALY

Italy left in the lurch by Prussia in 1866—Germany, Tunis and Italy—The Prussian legation at the Vatican—Affronts to Italy—The Triple Alliance of May 20th, 1882—Its renewal in 1902—Austria and the Italians—Albania—Italy and Tripoli—The Kaiser provides the Turks with submarine mines—Italy replaced by Turkey in the Triple Alliance—Signor Giolitti's Note to Austria on the Serbian question—Prince Bülow and Italy.

GERMANY'S diplomatic treatment of her Allies is on a par with her treatment of France, Russia and Great Britain.

In 1866 Italy had an opportunity of testing the value of her relations with Prussia. On July 22nd Prussia concluded an armistice with Austria without consulting the Italians who were accordingly compelled to evacuate the Trentino, which had been almost completely occupied by Garibaldi and his volunteers. They were faced with the concentrated might of Austria which Prussia's action thus set free to turn against them, and had no option but to withdraw and be content with Venetia which Napoleon III. gave them.

After 1871 Italy became alarmed at the movement in France to restore the temporal power of the Papacy. Besides, Germany's superiority had been proved. Italy and Germany began to draw together.

Bismarck forged the weapon of the Austro-German Treaty of 1879 for use as much against Italy as against France, for Italy had never forgotten Austrian oppression and the Irredentists would not be silenced.

France embarked on her expedition to Tunis in 1881, and its immediate result was a loud chorus of protest in Italy, the Italian Government even going so far as to appeal to Berlin. Bismarck's answer was that France's action had been contemplated and approved since the Treaty of Berlin, and made no secret of the fact that far from dissuading her he had given her every encouragement.

The Italians bore him no grudge. The Cairoli Ministry fell and his

successor, Depretis, accepted the Austrian Emperor's invitation to King Humbert to pay him a visit in Vienna. The visit took place on October 27th, 1881, but was never returned by the Austro-Hungarian Sovereign. Bismarck wanted more than that, and according to his wont, set out to win the friendship of Italy by bullying her. Without condescending to inform the Italian Government, he restored the Prussian Legation to the Vatican, which had been withdrawn in 1874. The King of Italy's visit to Vienna was not even referred to in the imperial message to the Reichstag on November 17th, 1881, and on November 29th Bismarck spoke of Italy as a country of revolutions and the semi-official Press opened a campaign in favour of an international guarantee for the Holy See.

The consequences were very different from what Bismarck expected. At the reception of the deputies on New Year's Day, King Humbert declared that "Italy meant to be mistress in her own household," and the Italian Ambassador in Berlin was instructed accordingly. While Italy refused to recognize the Treaty of Bardo, which gave France a protectorate in Tunis, Bismarck ordered the German Consul at Tunis to acknowledge the decrees of the French Government.

Austria wanted Italy to renounce all claims to the Trentino and Trieste. No Italian Ministry dare pledge itself to do so, but at length the Treaty of the Triple Alliance was signed on May 20th, 1882. Its existence was only divulged a year later.

Bismarck has told us that as a matter of fact he had given nothing to Italy, and he affected to minimize the value of the Treaty for Germany. "All I wanted," he used to say, "was that a corporal with an Italian flag should threaten the West rather than the East."

The Italian politicians who brought Italy into the Triple Alliance obtained the paradoxical result that Catholic Austria became a guarantor of the Italian occupation of Rome. The Emperor Francis Joseph, who makes an annual gift of a million crowns to the Pope, became the head gaoler of the prisoner of the Vatican on whose behalf no French statesman since 1877 has ever thought of expelling the King of Italy from the Quirinal.

Bismarck, who hated the radicalism of Depretis and Mancini, treated them both with lofty disdain. When he had concluded the Treaty of Skiernewice between the three Emperors, he began to attach less importance to the Triple Alliance. In 1885 Mancini

announced in the Chamber of Deputies that the Treaty of 1882 "left Italy freedom of action, especially in respect of interests it could in no case protect." These words meant that Italy's Mediterranean interests were not within its scope. When it was renewed, however, it seems that certain improvements were introduced.

Crispi, a blind admirer of Bismarck, was devoted to the Triple Alliance. In 1887 he effected a rupture of commercial relations with France, a step attended by disastrous consequences to both countries. In 1888 and 1889 there was an exchange of royal visits in Rome and Berlin.

In June, 1902, the Triple Alliance was renewed for a period of twelve years but it had not succeeded in creating good relations between Austria and Italy. Austria carried on a policy of petty persecution of Italians in the Trentino, Istria and Dalmatia. The establishment of an Italian University for her Italian subjects was vetoed. When the suggestion was made that an Italian Faculty of Law should be created at the University of Innsbruck there was a riot of the townsfolk and students against the Italians in October, 1902. In 1903 and 1904 there were fresh acts of violence which extended into Croatia. Besides, Austrian policy in the Balkans, and especially with regard to Albania, clashed directly with Italian interests. In 1903, following on the Mürsteg programme, Italy obtained the nomination of General Giorgis as commander of the international gendarmerie in Macedonia, and for Italian officers the supervision of the Albanian district of Monastir. But these concessions she owed solely to Great Britain, France and Russia.

When Austria-Hungary annexed Bosnia and Herzgovina in 1908 the Italians denounced the step as an act of brigandage. At first they cherished the illusion that they would receive something by way of compensation, but Austria-Hungary had made no promises, had no intention of giving compensation, and, in fact, gave none.

In 1912, Italy, after having assured herself of French and British neutrality, set out to conquer Tripoli, and informed Berlin and Vienna of her intentions. To all outward appearance her scheme met with no opposition. However, she had to renounce any idea of military operations against Turkey in the Adriatic, Asia Minor, and at Constantinople itself. The Kaiser immediately tried to carry out his repeated professions of friendship for Turkey in a manner which could only injure Italy. The means which he employed are

described thus by M. Pichon, ex-Minister for Foreign Affairs, in the *Petit Journal* of October 17th, 1914:

"I publish to-day the circumstances in which Germany supplied Turkey with submarine mines for the purpose of destroying Italian shipping. Austria delivered the first consignment, but the mines were discovered to be defective, and Germany offered to replace them. A German naval officer was sent to Constantinople to place them in the Bosphorus and this was done.

"I have shown how another Army officer was sent to Benghazi to take part in the operations against the Italian forces. He was a Bavarian, and is still on service in the East. The German embassy in Constantinople, then directed by Baron Marschall von Bieberstein, employed as its chief agents in these affairs the correspondent in Turkey of a great German newspaper, M. W . . ., and the deputy of Benghazi, C . . . These facts were more or less suspected in Rome, and it was not entirely of his own free will that Baron Marschall left Constantinople. 'If you could only hold on four months longer!' he said to the Turks when representing to them Italy's inability to continue the campaign after that period.

"His successor, Von Wangenheim, continued to render the Turkish Government similar services, to the prejudice of the ally of his own country."

This curious (German and Austrian) conception of the duties of an ally would hardly have met with Machiavelli's approval, for States which behave in that way only earn the suspicion and hatred of those on whom they ought to be able to count. Germany and Austria replaced Italy in the Triple Alliance by Turkey, but they did not even condescend to forewarn the Italians.

The Balkan Wars only embittered the relations between Italy and Austria-Hungary. On December 6th, 1914, Signor Giolitti made the following revelation:

"On the 9th of August, 1913, the Marquis di San Giuliano, then Minister for Foreign Affairs, received a telegram, in which Austria communicated to Italy and Germany her intention to take action against Serbia. Austria claimed that her action was defensive only, and that therefore the *casus fœderis* arose."

To this Signor Giolitti replied:

"If Austria takes action against Serbia, it is evident that the *casus fœderis* will not arise. She will be acting purely in her own interests. She will not be defending herself because no one is thinking of attacking her. Vienna must be informed of this in the most positive and formal manner."

These revelations prove that Austria-Hungary's action against Serbia was premeditated. The assassinations at Sarajevo could

hardly furnish a pretext in 1913, so Austria dispensed with one. All these facts were known to Germany in 1914, so Germany was quite able to estimate what value could be attached to the motives put forward by Austria for her ultimatum of the 23rd of July. It is but an additional piece of evidence that, finding the moment propitious for war, she would do nothing to prevent it.

I say nothing of the disputes between Austria and Italy over Albania. The salient fact is that the Wilhelmstrasse, having seen Italy's attitude in 1913, knew that she would not be drawn into war by any Austro-Hungarian aggression against Serbia. Accordingly, the policy of the German Government achieved the remarkable result that they lost the benefit of their alliance with Italy at the very moment when they were faced with a coalition of Russia, France, Great Britain, Belgium and Serbia, and when they could only count on the assistance of Austria-Hungary.

Both Vienna and Berlin kept Italy entirely in the dark as to the ultimatum of the 23rd of July, and she declared her neutrality on the first day. In his pride the Kaiser seems to have been more or less indifferent to this declaration. Italy! a negligible factor. Italian help was not needed to crush France. When the German plan failed, however, they set themselves to win over Italy. Fervent appeals were made to the Clericals of the *Kölnischer Volkszeitung*, and then to the Socialists who sent Herr Südekum to plead their cause with the Italian Socialists. Some newspapers have even asserted that certain of the Italian Socialist groups received bribes from the German Socialists. In that case Herr Südekum could speak with authority. Nevertheless, his mission was an utter failure.

The Germans published an edition of the *Berliner Tageblatt* in Italian. They flooded Italy with letters, pamphlets, extracts from the papers and the concoctions of the Wolff Bureau. Still the Italian Government refused to emerge from its "sacred egoism." Finally the Germans sent Prince Bülow to Rome. Bismarck relates, with his usual affectation of indifference in speaking of his colleagues, how Prince Bülow's father came to visit Italy. On October 6th, 1879, he spoke of him in these words to Busch:

"The Emperor gradually wears us all out. My nature is such that I have been able to hold out for seventeen years; but Bülow, for example, who only took my place for a few months, has thereby contracted a disease of the spinal cord and will die of it. The blame must lie at our Gracious Majesty's door. Bülow is to be sent to Italy.*

* See *Bismarck's Memoirs*, by Maurice Busch.

His son, Prince Bülow, was sent to Rome to make a supreme effort. The Austro-Hungarian Ambassador, Baron Macchio, left Italy at the moment of his arrival to avoid having to express any opinion on the proposals he was bringing, for Prince Bülow was offering Italy the Trentino.

Germany has always been ready to give away other people's property.

CHAPTER XIII

THE GERMAN EMPIRE AND AUSTRIA-HUNGARY

Beust, Francis Joseph and Andrassy—Reasons for the Treaty of 1879—The self-abasement of the Austrian Emperor—The subordination of Austria-Hungary to Germany—Dismemberment the inevitable consequence.

BISMARCK has told us how he devoted himself to the struggle against Austria after 1852. He used to complain that "she treated Prussia so abominably that one fine day we were compelled to give her solid proof that we could get along without her. In 1866 we took advantage of the first opportunity, and showed Austria the door."*

Showing no ill-will, Bismarck next set himself to bring about a reconciliation with Austria, but Beust enjoyed the reputation of never having forgotten Sadowa. Francis Joseph did not take his defeat too much to heart. He congratulated the Emperor of Germany on his victory over France. In 1872 he went to Berlin to pay his personal homage. He informed Beust that he intended to sacrifice him in favour of Andrassy who, representing the interests of Hungary, owed Prussia the deepest gratitude for having by her victory forced Austria to the compromise of 1867 which inaugurated the Dual System.

The following is Bismarck's estimate of his Treaty of Alliance with Austria in 1879:

"We had to prevent an understanding between the Dual Monarchy and France, and that object we thereby achieved without imposing on ourselves any obligation to defend the Trentino, Trieste or Bosnia against the Italians, Turks or Southern Slavs.

Bismarck reckoned that he was securing the support of the Germans of Austria as well as the Hungarians. According to his ideas, the Emperor of Austria preserved only the trappings of authority. In

* Busch's *Bismarck*.

favour of that view it could be said that Francis Joseph had recognized the autonomy of Hungary and, as regards foreign policy, submissively followed Bismarck's lead. The Chancellor peacefully consummated the work of 1866. To crown it he even urged an "indissoluble constitutional alliance;" but Andrassy replied that he could not go so far for fear of difficulties with the Reichsrath.

The *Gazette de Lausanne* of December 17th, 1914, published the wailings of an Austrian diplomatist over Austro-German relations. So far from denying that Germany wanted the war, he asserts that she only sought a *casus belli*. But this had to be of such a character that Austria-Hungary could not draw back.

"From that point of view the Serbian affair could not be bettered. Berlin incited our diplomacy to extreme measures, and the moment it appeared that, after all, a compromise might be reached, launched her ultimatum to Russia. We were thus forced into war.

"Our country is the only one which has not, up to the present, published the diplomatic documents relating to the period immediately before the war. We could not do so without exposing Germany."

Germany borrowed Austrian heavy artillery for the reduction of the Belgian fortresses and on August 28th Austria found herself obliged to declare war on the Belgians, to punish them for the crime of being fired on by the guns Austria had lent to her ally.

The German General Staff has also assumed control of the Austrian army and employed it to defend German soil against the Russians:

"Austria-Hungary has been sacrificed: she has endured the horrors of invasion in order that the people of Germany may not suffer too much alarm and inconvenience."

The Kaiser has not merely had a free hand in conducting the foreign policy of the German Empire. He has been equally free to direct Austro-Hungarian policy, and, of course, the interests of his ally have ever been subordinate to his own necessities.

The Austrian diplomatist sums up the present situation very lucidly:

"Ever since October 7th, 1879, the Ballplatz has followed the tracks which Berlin marked out. The tragedy of Sadowa and the memory of the Holy Roman Empire have been forgotten in order that we might fix our eyes on the East which Germany dangled before us as fair prey. Yet she has always prevented us from seizing it. All we did was to rouse Russia, threaten the

interests of the Mediterranean Powers and enable the German Chancellors to create that atmosphere of European unrest which alone induced the Reichstag to vote the enormous credits required for the maintenance and augmentation of the army and fleet on which the greatness of the German Empire depends.

"To preserve the advantages of the Treaty of Frankfort and extend her power in the world, Germany has made tools of her Allies and has brought down the hatred of all Europe on our heads."

The war broke out. If Germany were successful, she would reap all the fruits of victory. The Austrian diplomatist omits to mention that the German Empire acts as a magnet to the Germans of Austria; that a German victory would transfer the centre of gravity in Austria from Vienna to Budapest and might even lead to the absorption of the German provinces of Austria in the German Empire. But he foresees defeat and foretells that Germany will use all her endeavours to saddle Austria with "the larger share of the cost of the policy of adventure into which Germany has plunged." He predicts dismemberment which may well be even more thorough than he anticipates. He is living on illusions, however, when he suggests that Austria, by concluding a separate peace, "may recover her hegemony over the Germanic peoples of Central Europe and restore the Germanic Empire at the expense of militarist and aggressive Prussia, to the manifest advantage of Europe and Humanity."

It is too late. Austria "has weakly and blindly followed in the path of her hereditary enemy." She is bound hand and foot to Berlin.

CHAPTER XIV

THE NEW TRIPLE ALLIANCE

Bismarck and the Eastern Question—William II. and Turkey—Accusation of wholesale bribery made by the Foreign Office—The lenience of the British and French Ambassadors towards the Turks—Enver Pasha—How the alliance was made—The *Jehad*—Allah and the "Old God of Königsberg"—"The Sick Man"—Von Bülow's mistake.

BISMARCK once said: "Germany has the advantage that her policy is free from direct interests in the East."* However, William II. has done his best to lose it. He was quite willing to allow the Turkish Government to manage their own domestic affairs, but he meant to direct Turkish foreign policy against their old friends and protectors, Great Britain and France, while pretending to further the interests of Bulgaria and Roumania, interests palpably at variance with those of Turkey. He succeeded in gaining the friendship of Turkey, but only aroused the suspicions of Russia, Great Britain and France. So where was the advantage?

The Turkish army was reorganized by the celebrated Baron von der Goltz and in 1912 all the General Staffs of Europe, on the authority of its organizer, promised it victory. Nevertheless, in the Balkan War it fell to pieces at the first shock. However, Germany's military prestige survived. The Turkish Government put General Liman von Sanders at the head of their military forces and Von der Goltz went back to take up his old post.

On August 10th, 1914, the Turkish Government sheltered the warships *Göben* and *Breslau*, then purchased them fictitiously, and in spite of their promises to the Allies, kept the officers and the crews. German officers went to Constantinople in large numbers. In its *communiqué* the Foreign Office stated emphatically that German influence was being exercised by means of wholesale bribery.

Yet the Ambassadors of Great Britain and France made every possible allowance for the Turkish Government. They told the

* *Reflections and Reminiscences*, Vol. II., p. 288.

Turks that they were committing acts which, for any other Power, would be regarded as a violation of neutrality, but that France and England would pass them over in their desire that Turkey should remain neutral, and not complicate the situation by adding to future problems that of the dismemberment of Turkey.

Meanwhile, Enver Pasha, the Minister for War who was fanatically pro-German, and his German advisers were preparing an attack on Egypt *via* Akaba, Gaza and the Suez Canal. Sheikh Aiz Shawisl was distributing in Syria, and probably in India, a pamphlet exhorting all Mohammedans to rise against Great Britain.

On the other hand, the Grand Vizier, Djavid Bey, the Finance Minister, and a majority of the other ministers were in favour of maintaining neutrality.

The *Bourse Gazette*, on the authority of one who is described as an official high in the diplomatic world, gives the following account of the circumstances in which Turkey was finally drawn into the war.

In October the Turkish Government were faced with the necessity of paying the salaries of their numerous officials, which were already several months in arrear. Being short of funds, they turned to their only available source—Germany. They decided to send to Berlin Fethi Bey, who was particularly popular in German Government circles. Fethi Bey went, was warmly received by Herr von Bethmann-Hollweg, and had an audience of William II. The Emperor agreed to advance Turkey the sum of 150,000 Turkish pounds (£136,000), but on the sole condition that Turkey should immediately attack England and Russia ("*Sie müssen aber sofort gegen England und Russland marschiren!*"). Fethi Bey then declared that Turkey would give military support to Germany when a particularly favourable moment presented itself, but that the actual occasion was unsuitable. Now the very day—October 27th—that Fethi Bey left Berlin, the German Admiral, Souchon Pasha, ordered the German ships which had passed into the Black Sea to bombard the Russian coast. Informed solely by the Press messages, the Turkish Ministers, in their stupefaction, went to the German Ambassador, Baron von Wangenheim, and demanded an explanation. The Ambassador replied: "Fethi Bey has made a formal promise to Berlin that Turkey shall enter the war, and when a promise is made to our Emperor it has to be kept." Enver Bey, Germany's tool, was followed by Talaat Bey, and carried the day.

If the Kaiser really gained the assistance of Turkey with his £136,000, it was the most usurious loan on record and he has all the glory of having greatly improved on Shylock.

Heiri Bey, the Sheik-ul-Islam at Constantinople, announced the *Jehad*, the Holy War on all infidels, who must certainly include His Majesty the Emperor Francis Joseph of Austria, Apostolic King of Hungary. Yet the Catholics of Austria-Hungary, Bavaria and the Rhine Provinces, and the Lutherans of Prussia waxed delirious over these words of Heiri Bey:

"Nothing, not even the wars of Islam in the days of the Crusades, can compare with the scale of the present Holy movement. Centuries have passed, but faith has not weakened in Musulman hearts, and, when sounds the clarion-call to the Holy War, all good Mohammedans, the women no less than the men, will do their duty. Hundreds of thousands of pilgrims, knowing the *fetva*, go from Mecca to Medina, to the sacred hills. Like microbes (*sic*) they will enter the bodies of the enemy Empires."

The Kaiser has unquestionably bought the protection of Allah remarkably cheaply, but how can he reconcile the stirring up of a Mohammedan "Holy War" with his famous declaration of his divine mission?

"Remember that you (Germans) are the chosen race! The spirit of God has descended upon me because I am Emperor of the Germans. I am his instrument, his sword, his shield. Woe to the unbelievers!"

Does he think that the Mohammedans have been converted to the "Old God" he incarnates? Does he think that the seventy million Mohammedans of India and the other millions of Russian Turkestan, Arabia, Egypt, Tunis, Algeria and Morocco are likely to enter into a Holy War at the bidding of the giaour who at Damascus in 1898 promised them his protection and in 1914 petitioned for theirs? The Shiites of Persia are not more obedient to the Sheik-ul-Islam than are Protestants to the Pope. The *Jehad* summoned the Mohammedans of Lybia to throw the Italians into the sea. If the Italians refused to be thrown, they would be drawn into the war; so German Imperial diplomacy led to the result that Italy was driven into the arms of the Triple Entente and her place in the Triple Alliance taken by Turkey.

In 1853 the Czar Nicholas I., in a conversation with Sir George Hamilton Seymour, said: "We have a sick man on our hands."

In 1914 the Sick Man's health was no better but the Kaiser had to go to him for help.

On April 14th, 1904, Von Bülow, who was then Imperial Chancellor, said : " If we keep our sword sharp we shall never have to fear isolation. Germany is too strong for her alliance to be despised." Yet she has been reduced to bringing in Turkey in order to reconstitute the Triple Alliance !

CHAPTER XV

GERMAN DIPLOMACY AND THE SMALL STATES

Luxemburg—Gladstone and Belgium—William II.'s hopes—Herr von Jagow and the British Ambassador—Herr von Bethmann-Hollweg's tirade—Germany covets Antwerp and the Netherlands—The *Emden* failure—The Annexation programme—Professor Lasson—Intimidation of small states.

I DO not remember the Luxemburg affair of 1867. It was but the preliminary to the war with France which Bismarck had resolved to bring about at his own moment while making France seem the aggressor.

The neutral status of Luxemburg is not questioned by Germany. General Tulff von Tschepe und Weidenbach, in a proclamation to Luxemburg, dated August 2nd, but prepared long before, declared, with that effrontery in lying which is characteristic of German methods, that

> "France, having violated the neutrality of Luxemburg, has begun hostilities—as has been demonstrated beyond doubt—on the territory of Luxemburg against the German forces. Faced with this emergency, His Majesty has ordered the German troops—in first line to the 8th Corps—to enter Luxemburg."

The pretext was false, but Germany, for whom the route through Luxemburg was a military necessity, calmly violated its neutrality in spite of vehement protest on the part of the Grand Duchess.

Gladstone was open to criticism on the score of grave weaknesses in his foreign policy but he never wavered in his attitude towards the independence of Belgium. In August, 1870, he made separate agreements with Prussia and France, whereby, if either of the two Powers violated the neutrality of Belgium, England guaranteed to join the other. In 1875, when Queen Victoria intervened to prevent a second German attack on France, Gladstone sent a commission to devise joint measures of defence.

The Kaiser laid himself out to reassure the Belgians. In October,

1911, he had a conversation with the Belgian General Heimburger and M. Delvapx de Fenffe, Governor of the Province of Liége, who had come to greet him in the name of the King of the Belgians. He said to M. de Fenffe :

" You are Governor of a province with which we have always lived as good neighbours. You have recently passed, I think " (it was just after the Agadir incident) " through a time of great anxiety. Believe me, that anxiety was needless."

At the luncheon which followed, replying to the toast of General Heimburger, he said :

" You are right to have confidence in us."

On August 3rd, 1914, Germany violated the neutrality of Belgium. Herr von Jagow, the Foreign Secretary, stated quite frankly to the British Ambassador their reasons for doing so.

" They had to advance into France by the quickest and easiest way, so as to be able to get well ahead with their operations and endeavour to strike some decisive blow as early as possible. It was a matter of life and death for them, as if they had gone by the more southern route they could not have hoped, in view of the paucity of roads and the strength of the fortresses, to have got through without formidable opposition entailing great loss of time. This loss of time would have meant time gained by the Russians for bringing up their troops to the German frontier. Rapidity of action was the great German asset, while that of Russia was an inexhaustible supply of troops." *

During the afternoon the British Ambassador informed Herr von Jagow that, unless the German Government stopped their advance and gave an assurance by midnight that they would proceed no further with their violation of the Belgian frontier, Great Britain would take all steps to enforce the observance of the treaty which Germany had signed.

Herr von Jagow replied that the safety of the Empire made it absolutely necessary that the German troops should pass through Belgium. The British Ambassador replied that he would have to demand his passports and went to see the Chancellor, Dr. von Bethmann-Hollweg, who treated him to a harangue which lasted not less than twenty minutes :

" Just for a word—' neutrality,' a word which in war time had so often been disregarded—just for a scrap of paper, Great Britain was going to make

* See the British White Paper.

war on a kindred nation who desired nothing better than to be friends with her. All his efforts in that direction had been rendered useless by this last terrible step, and the policy to which, as I knew, he had devoted himself since his accession to office had tumbled down like a house of cards. What we had done was unthinkable; it was like striking a man from behind while he was fighting for his life against two assailants. He held Great Britain responsible for all the terrible events that might happen."

Sir Edward Goschen replied that

"In the same way as he and Herr von Jagow wished me to understand that for strategical reasons it was a matter of life and death to Germany to advance through Belgium and violate the latter's neutrality, so I would wish him to understand that it was, so to speak, a matter of 'life and death' for the honour of Great Britain that she should keep her solemn engagement to do her utmost to defend Belgium's neutrality if attacked."

"But at what price will that compact have been kept? Has the British Government thought of that?"

Sir Edward Goschen replied that "fear of consequences could hardly be regarded as an excuse for breaking solemn engagements." During this interview the Chancellor was so excited that Sir Edward Goschen thought it wiser to refrain from increasing further his agitation.

This harangue of the Chancellor will for ever remain a scene of epic comedy. It demonstrated his utter contempt for the engagements taken by his own Government, and from his own mouth we learn that no reliance can be placed on their present and future plighted word. The pathetic phrases in which he spoke of his disillusionment revealed his mental simplicity. He complained that Great Britain was stabbing Germany in the back. But was not Germany stabbing Belgium in the back? There were volumes of irony in the perversion by which he tried to represent Great Britain as a cunning *apache* because she faced the Chancellor with a "scrap of paper" to which the seal of Prussia was attached.

The violation of Belgium was put forward as a strategical necessity, but it was none the less a realization of political ambitions. Germany's frontage on the North Sea consists of a strip of coast-line seventy-five miles long as the crow flies, from Emden to Cuxhaven, the outpost of Hamburg. Germany is a land Power, but on her north-western frontier lies a maritime Power *par excellence*—Holland. Now Holland's maritime prosperity is largely based on the industrial prosperity of Westphalia and the Rhine Province, and these regions

have as their outlet only two ports, Rotterdam and Antwerp, both in foreign countries.

In 1883, to avoid this dependence on foreign ports, Herr Windhorst, the leader of the Catholic Centre, agitated for the construction of a canal from Dortmund to Ems in the hope of diverting a part of the traffic in coal and other Westphalian products to Emden. William II. was struck by the idea and the canal was opened in August, 1899. A volume of trade to the figure of 1,500,000 tons* had been anticipated but in 1905 it had not yet reached 700,000 tons, though the tolls had been reduced. The canal was carried to the port of Emden at a cost of twenty million marks.† The basin has a depth of about thirty-six feet. The Emperor ordered certain steamship lines to make useless calls there. The dredging apparatus has for long taken up more space than the ships. When I visited it I only saw two vessels which had brought iron ore from Sweden.

However, to ensure that the canal route should be used and not the Rhine, the Dortmund-Ems canal was not connected with the Rhine, a precaution which availed nothing, and finally the canal from Dortmund to the Rhine was included in the last programme. In spite of all these efforts, traffic continued to avoid the canal, with its twenty-seven locks, and use the Rhine. Between Carlsruhe and its mouth, a distance of 621 kilometres (388 miles), there is only a difference of 100 metres (328 feet) in level—that is, 16 centimetres a kilometre. The river is nowhere less than 200 metres (218 yards) wide. Its depth at Cologne is about eleven feet. The freight between Ruhrort and Rotterdam is not more than one centime per metric ton.

French public opinion has often been entertained by schemes for partitioning Austria in favour of Germany, which was thus to secure Trieste. In sober truth, the German Emperor's dream has been to incorporate the Netherlands in the German Empire and seize Antwerp. It must never be forgotten that if Antwerp is in Belgium, both banks of the Scheldt not more than twelve miles below that city are in Dutch territory.

There was no mystery about Germany's ambition to swallow up Holland. Great Britain is the natural guardian of the Netherlands. The South African Boers were of Dutch origin and during the Transvaal War Dutch opinion for the most part was hostile to Great

* One metric ton = 2,204 lbs. † £983,000 approximately.

Britain. I say "for the most part" advisedly, because it was not unanimous as the following incident proves.

After a banquet given during the Exhibition in 1900, one of my friends said to me:

"The Dutch delegates wish to be presented to you to thank you for the reception you gave them in 1899, and also to congratulate you on your attitude on the South African question."

My friend was extremely surprised and I not less so. The Dutch gentlemen said to me:

"The permanent menace to us comes from one quarter—Germany. Anything that weakens our relations with Great Britain is a danger for us. We have blamed our Government for dispatching a Government ship to bring back Krüger."

The opinions of these distinguished men, some of them in official positions, were soon reinforced from Germany itself. In 1901 and 1902 Herren Stubmann, von Hale and Huton published several pamphlets inviting Holland to become incorporated in the German Empire. They did not go beyond persuasion, and suggested a *Zollverein* for a start. If Holland entered it she would have all Central Europe for her market. Two Dutch newspapers, the *Haagsche Courant* and the *Avond Post*, took up the idea, as well as that of a postal union. At length the Dutch and Belgians accepted a form of union which appears in the *Almanach de Gotha* under the name of the *Union d'Administration de Chemins de Fer Allemands*. This joint system is composed of the railways of Germany and Holland and part of those of Belgium.

The Dutch were not enthusiastic over their wooing by Germany. Holland is a Free-Trade country and could only lose by entering the German tariff system. They find dumping very profitable. The German syndicates sell sheet-iron cheaper abroad than to their own people. The Dutch use it for the manufacture of boilers, which they re-sell in Germany, and barges for navigation on the Rhine.

Persuasive methods having failed, the German Press took to threats and all the Pan-Germans exclaimed that the Dutch had no right to deny themselves the honour done them in being counted as Germans. They went further. On September 30th, Professor Lasson wrote:

"Holland is incapable of protecting herself. This little Kingdom pursues her tranquil existence at our expense, living on the memories of past glories and accumulated wealth. Holland is only an appendage to Germany. Her life

is smoothly-flowing, a life in dressing-gown and slippers, which demands little reflection or exertion.

"We Germans have little respect and sympathy for the Holland of to-day. We can thank God that, except for their dependence upon us, the Dutch are not our friends."

In September, 1906, dwelling on this danger in the *Nineteenth Century and After*, I terminated my article thus (*translated*) :

"The basis of the *entente cordiale* between France and Great Britain is the necessity of preserving the independence of Holland and Belgium. The maintenance of the status of those two countries is a common interest of France and Great Britain—indeed, of all civilized nations—except one."

The German occupation of Antwerp brings the whole question to the fore. The Kaiser hopes that by holding Antwerp he will be in a position, when peace terms come to be discussed, to invoke the formula, "*Beati possidentes*." But he is deceiving himself. Great Britain and France will never allow Germany to remain there. Immediately after the fall of Antwerp *The Times* voiced British public opinion in an article which gave Holland great credit for her correct attitude but pointed out that she would find her situation extremely difficult, if not intolerable, if Germany permanently controlled the Scheldt and thus turned the Dutch defences. If Antwerp became a second Wilhelmshafen and the focus of German militarism in the North Sea, the Dutch possession of the mouth of the Scheldt would be absolutely useless. *The Times* added that a few days previously a German paper had asked whether they (the English) would fight on for twenty years ? They would fight for twenty years and more if necessary because they could never lay down their arms until the last of the Prussian bandits had been driven from Belgium.

Herr Zimmermann, Under-Secretary of State for Foreign Affairs, has not, however, concealed from the Dutch that their fate after the war is to be absorbed into the German Empire. But it is not only Belgium and Holland that are threatened. Switzerland, Denmark, Norway and Sweden are no better off.

Herr Spahn, a professor at Strasburg University, contemplating the results of the war, says :

"The conditions of Swiss national life will unite even more closely than in the past the destinies of Switzerland and Germany."

German Diplomacy and the Small States

Herr Oncken, professor of Universal History at Heidelberg, has put forward the following definition in a recent pamphlet:

"A neutral State, a little parasitic organism which waxes fat by living on the divisions of the great."

Another writer says:*

"The small States have lost their right to exist, for no State can make good its right to independence unless it can assert it by force of arms. In word no less than in deed the German Empire has shown itself to be the common enemy of all nations."

* *If I were Emperor.*

CHAPTER XVI

GERMAN DIPLOMACY. ITS METHODS AND ACHIEVEMENTS

The letter to *The Times* and the Wolff telegram—Herr von Bethmann-Hollweg's contradictory arguments—The aggressive and defensive aspects of the Triple Alliance—Threats to England—Fatuity—Germany confesses she created the Triple Entente—Great Britain guilty of not accepting German hegemony of Europe—German attempts to break up the Entente—Herr von Bethmann-Hollweg unable to save appearances—The responsibility for the war—Against Belgium—Against Japan—Violation of the Hague Convention of 1907—Germany's arguments, false both in law and fact—"Touching a hair of a German"—A confession of German psychology—German political incapacity—Bülow's admission—Hypocritical and overbearing diplomacy.

THE foregoing recital of facts has adumbrated the results which German diplomacy was destined to achieve. The following incident, which occurred after the declaration of war, affords an example of its artless methods.

The Times received a letter from a highly-placed person saying that the Kaiser's religious convictions made him averse to war, but that Russia had driven him to it. *The Times* did not publish it. In consequence of an error in transmission *The Times* received, the same evening, a telegram meant for the representative of the Wolff Bureau in London. It said: "*The Times* will publish to-morrow an article on the situation. Telegraph it word for word.—WOLFF, Berlin."

Speaking on December 2nd, Herr von Bethmann-Hollweg revealed the disconcerting *sang-froid* with which Germany puts forward contradictory explanations. He began by contrasting "the aggressive character of the Triple Entente with the purely defensive character of the Triple Alliance." To give that assertion even the colour of truth, it is necessary to forget Germany's five well-marked acts of aggression against France, the behaviour of Austria in the Balkans, the Kaiser's speeches, the Crown Prince's indiscretions and declara-

tions, the provocative utterances of various Chancellors and War Ministers, the clamours of the Pan-German, Naval and Colonial Leagues, the official writings of Von der Goltz and Bernhardi, not to mention the frantic outbursts of megalomaniac fury which have proceeded from German professors of history, from Treitschke to Lamprecht.

Then he went on to blame Great Britain for wishing to maintain the balance of power, and asserting "as elementary dogma that the rôle of *arbiter mundi* was her inalienable right." Forgetting that he had just announced the "purely defensive" character of the Triple Alliance, he added:

"I have never believed that England could be brought to abandon that attitude by methods of persuasion, but I thought it possible that the growing power of Germany and the increasing risk of war would lead England to realize that that principle could not be maintained, and that it was better to abandon it in favour of a peaceful compromise with Germany. However, that dogma has always paralysed our attempts at an understanding."

So Herr von Bethmann-Hollweg, like his predecessor, Prince Bülow, could only think of one way of treating England—the way of threats. The more violent the threats, the sooner would England come to heel! This German statesman was quite incapable of the following simple reasoning:

"By yielding to threats England will admit that she is afraid of us. If she once admits that, she will see herself compelled to give way under further pressure from us. Now though we have a very poor opinion of British statesmen, we must not think them incapable of foreseeing that situation and consequently our pressure, so far from bringing them to submission, will drive them to increase their fleet and look for allies among other nations."

A statesman of average intelligence would have considered all possibilities in the case of any nation; but in the case of Great Britain the German Chancellor scorned reflection, though anyone with even a nodding acquaintance with British psychology knows that the Anglo-Saxon is trained from his youth up to resent pressure and never to yield to threats.

Herr von Bethmann-Hollweg boasted of having made Great Britain retreat at Agadir and notwithstanding Mr. Lloyd George's speech at the Guildhall we may admit that he was right. But he added that England was always trying to establish closer relations with France

and Russia. Here we have Herr von Bethmann-Hollweg's own admission of the results of his policy of pressure. He went on:

"England was ready, it is true, to come to an understanding with us on certain particular questions, but she would not abandon the root principle of her policy, that Germany should be held in check in the free development of her national energies by the *balance of power*."

In his view it was all very simple. Great Britain should give Germany a free hand on the Continent, let her swallow up Holland and Belgium, and secure Calais if she would and could. Great Britain had no concern with such details.

Herr von Bethmann-Hollweg was angry that England refused to be seduced by Germany's concessions. He admitted that he had attempted to detach France and Russia from the Triple Entente with a view to its dissolution and that he failed. Then he added:

"We did not fail to warn the British Government. At the beginning of June, 1914, I informed the British Government that I had knowledge of secret Anglo-Russian proposals for a naval convention. I pointed out that such proposals involved grave dangers to the peace of Europe."*

In other words, if Great Britain, in view of German threats, takes precautions, she is doing something which endangers the world's peace! Why? Because Germany will have recourse to the proceeding known as a "preventive" war.

A conclusion immediately suggested itself to Herr von Bethmann-Hollweg:

"Two weeks later what I had foreseen occurred."

What did occur, as we discover by comparing the dates, was the assassination of the Archduke. Now what is the connection between this assassination, British resistance to German pressure, and a suggested Anglo-Russian naval convention?

The Chancellor concluded:

"We shall hold on until we are certain that no one will dare to trouble that peace in which we wish to develop like any other free people."

* See *The Times* of October 10th, 1915: Sir E. Grey, replying to Mr. Outhwaite (Hanley, L.), said that it was not a fact that the German Chancellor in the beginning of June, 1914, informed the British Government that he was aware that Great Britain had entered into a naval agreement with Russia. There was no naval or military agreement with Russia entailing obligations on this country prior to the agreement of September 5th, 1914, made some weeks after the outbreak of war.

But who was it that broke the peace ? Herr von Bethmann-Hollweg was not even clever enough to get appearances on his side.

The diplomatic documents published by the different belligerents leave no room for doubt that the German Government knew the nature of the ultimatum to Serbia, even if they did not collaborate in it. When M. Sazonof knew its contents on July 24th he asked that the time-limit of forty-eight hours should be extended. That was not exactly a provocative request. The same day Count Scézsen, the Austro-Hungarian Ambassador, came to inform the Quai d'Orsay that the ultimatum had been delivered. His visit was immediately followed by that of Baron von Schoen who said at once : " We are in entire agreement with Austria. If her demands are refused, she will take military measures. Germany hopes that no one will intervene in this question. It is to the interest of all the Powers to localize the conflict by leaving it to the parties concerned."

What the German Government called " localizing the conflict " was the delivery of this highly provocative declaration, which was likely to lead to war.

The next day Baron von Schoen returned to the Quai d'Orsay to explain that " these words conveyed no threat ; " but he made them worse by adding that " Germany approves Austria's standpoint, and can only allow herself to be guided by her duties as an ally."

On July 31st, M. Sazonof, the Russian Minister for Foreign Affairs, and Count Szápáry, furnished with plenary powers by Count Berchtold, had arrived at an agreement which Serbia accepted. I have already shown* how the Kaiser, to prevent that solution, had instructed Count Pourtalès to hand in an ultimatum to Russia at midnight on July 31st. In fact, Germany declared war at seven o'clock in the evening of August 1st.

Sir Maurice de Bunsen, the British Ambassador in Vienna, has revealed that Count Berchtold, alarmed at the consequences of his ultimatum, was still negotiating on the 1st of August. M. Schebeko, the Russian Ambassador in Vienna, has told us that the Austrian Cabinet were so horrified and angry that they nearly left the Kaiser to face Russia alone. We have heard of violent scenes between Herr von Tschirschky, the German Ambassador, and Count Berchtold, in which the former broke out in unmeasured abuse.

These facts were perfectly well known to Herr von Bethmann-Hollweg who none the less had the audacity to say that " England

* Chapter II.

and Russia bear before God and Humanity the responsibility for the catastrophe which has fallen on Europe and the world."

In 1867 Bismarck raised the Luxemburg question with a view to isolating France in Europe, but he meant to declare war on her at the moment of his own choosing and make her seem the aggressor.

The Kaiser and Herr von Bethmann-Hollweg made war on Russia and France at their own selected moment, but lest the opportunity should slip, they assumed the part of the aggressor. They were under the impression that when they had produced a situation, they could change its character.

Those whose sole intellectual and moral criterion is success are accustomed to distort facts, and were prepared to accept Herr von Bethmann-Hollweg's reasoning if it had been justified by victory.

The Chancellor is always forgetting his own statements. When he was explaining the violation of Belgian neutrality for the first time, he said: "Necessity knows no law. . . ." A treaty which guarantees the neutrality of a country is only a "scrap of paper." But when he came to address the Reichstag on December 2nd, he indulged in a tirade against Belgium, as if blissfully unconscious of his previous admission. "As for Belgium's guilt . . . it has been proved by a document we found in Brussels." What was in that document? Even on German showing, it was a scheme for the defence of Belgium, devised in concert with Great Britain. But defence in what circumstances? In case of the violation of Belgian neutrality. Said the Chancellor: "From the moment that Belgium rendered assistance to France and England by resisting the German invasion, she was no longer neutral." He did not venture to speak of Luxemburg. Luxemburg did not count. But to accuse the Belgian Government of being guilty because they wished their neutrality to be respected is to introduce a new notion into International Law which sheds much light on German political ethics.

The Chancellor likewise accused Japan of violating the neutrality of China by seizing Kiao-Chau, and, turning severely to Great Britain, he said: "Did *this* violation of neutral territory provoke their intervention?" It would have been very easy for Great Britain to reply: "When Germany first established herself at Kiao-Chau, was she respecting Chinese neutrality?" As Kiao-Chau had become a German possession, Japan was acting against Germany, not against China.

During the war itself Germany's conduct has been one long violation

of the Hague Convention of 1907. Germany's argument in her defence has been twofold.

(1) In law.—The 9th Convention of the Hague of 1907 is only binding on a belligerent if *all* the belligerents are signatories to it.
(2) In fact.—Three of the belligerents in the present war have not signed the 9th Convention, namely, Serbia, Montenegro and Turkey.

The German argument is false under both heads.

First, the final Article stipulates that denunciation—or abstention—by one of the Powers only affects that Power. The Convention remains binding on the other contracting parties (Convention IX. of 1907, Article 12).

Secondly, the 9th Convention of the Hague was signed on October 18th, 1909, by Serbia, represented by MM. S. Grouïtch, M. G. Milovanovitch, M. G. Militchevitch—by Montenegro, represented by MM. Nelidow and Martens N. Tcharykow—by Turkey, represented by H. H. Turkan Pasha—without reserve.*

When Herr von Bethmann-Hollweg tries to put forward legal arguments, he only shows his contempt for all law. In his speech of December 2nd, after bewailing the conflict "thrust" upon them, he uttered a paraphrase of the famous *civis Romanus sum*, but applying it as only a German could:

"The world must learn that no one can touch a hair of a German with impunity." (Vociferous applause.)

The Pan-German League, *All Deutscher Verein*, the official organ of German aspirations, has announced that by virtue of a higher law emanating from the "Old God of Königsberg," every Prussian, and in the second degree, every German, can freely break the heads of all who refuse to give up to them any particular object they happen to covet. Herr von Bethmann-Hollweg has announced "Germany's intention to make her force and capacity prevail in the world."

Prince Bülow affords a striking illustration of German ignorance of psychology. In his book, *Imperial Germany*, he states that after the annexation of Bosnia and Herzgovina Russia dared not intervene and that France and Great Britain would not. He immediately jumped to the conclusion that they yielded before German prestige.

* Edouard Clunet in *Le Temps*, December 28th, 1914.

The real truth was much more simple. Russia was in no condition to intervene at that moment, and France and Great Britain were under no obligation to take her place.

The Germans concluded that Russia having yielded in 1909, she would yield again in 1914; that France, not having taken her place in 1909, would not support her in 1914; that England, not having intervened in 1909, would stand aside in 1914—even if they violated the neutrality of Belgium. The Germans also imagined that because most Frenchmen knew nothing about Serbia, they would refuse to be drawn into a war over her quarrels with Austria-Hungary. It was obviously true that France had no direct interests in Serbia, but the French were unanimous in recognizing that Austria-Hungary and Germany intended to crush a small State; that if Russia did not go to its help they would never again be able to count on Russia if they found themselves in the same situation; that if they did not declare their solidarity with Russia no one would trust them any more, and they would find themselves friendless and despised face to face with Germany and Austria-Hungary, which would take the first opportunity of treating them precisely as they were treating Serbia. Every Frenchman said to himself: "It is bound to come sooner or later," and braced himself to play his part in his country's crisis.

The Germans have shown the same ignorance of psychology in the methods they employed to incite Turkey to a "Holy War." The Mohammedans of the Sudan replied that Turkey's war had nothing religious about it, since its ostensible purpose was to support Germany and Austria-Hungary which no more professed the faith of Allah than did Great Britain and France.*

Even before the present world-crisis the Germans have been compelled to recognize that they lacked something in the way of political sense. Prince Bülow quotes in his book the following passage from Doctor Althoff:

"We Germans are the most learned nation in the world and the best soldiers. We have achieved great things in all the sciences and arts; the greatest philosophers, the greatest poets and musicians are Germans. Of late we have occupied the foremost place in the natural sciences. How can you wonder that we are political asses? There must be a weak point somewhere." (*Imperial Germany*, p. 106.)

* See *The Times*, December 29th, 1914: "The Sudan and the War. Unanimous Loyalty. Sir R. Wingate's Tour."

Prince Bülow repeats approvingly: "We are not a political people."

He has himself furnished the best proof of the truth of his statement, for during his period of office the character of German diplomacy underwent no change. It was simultaneously hypocritical and provocative, but the provocation unmasked the hypocrisy and no one was deceived.

The results of its methods were to unite against the German Empire the three greatest Powers of Europe and two small ones, Serbia and Belgium, the heroism of which has been of vital importance to the Allied plan of campaign. Germany lost one of her allies, Italy, and at the critical moment her other ally, whom she had made her cat's-paw, nearly drew back on seeing the abyss that yawned before her feet. If she had set out to league against her all the enlightened peoples of the earth she could not have been more successful.

German diplomacy shares the responsibility for the violations of the Hague Convention with the German Army, whose behaviour has been such that merely by attempting to justify it Germany has put herself outside the pale of civilized races.

I offer these achievements of German diplomacy for consideration to those of my compatriots who, with craven perversion, have grovelled before Germany since 1870, displaying their patriotism by declarations of the perfection of everything German and the futility of everything French.

PART II

THE ECONOMIC CAUSES OF THE WAR

CHAPTER I

PRODUCTIVE *versus* MILITARIST CIVILIZATION*

Their different characters—Germany's methods of expansion—*Werre*—Treitschke's theories of the holiness and divinity of war—War *versus* Law—War is an instrument of constraint; commerce, of freedom—Some apologists of war—A test for the professors—War always ends with peace.

AUGUSTE COMTE, Herbert Spencer and G. de Molinari have drawn comparisons between a militarist civilization and a productive civilization, and their conclusions can be summarized thus:

"Capture is the sole mode of acquisition known in the animal world, and to Man in his pre-commercial phase. The idea of exchange, which presupposes goodwill on the part of the contracting parties, is peculiar to Man, and to him only when his evolution is far advanced."

The Germans presented the most extreme form of a militarist civilization. Tacitus tells us that they held it shameful to win by the sweat of their brow what they might have obtained by force. *Pigrum et iners videtur suadore acquirere quod possis sanguine parare* (*Germ.*, 14). Such ideas are by no means extinct among their descendants.

I find in the *Encyclopædia Britannica*, under the heading *War:* (Old English) *Werre*, (French) *Guerre*, of Teutonic origin.

German professors have attempted to endow war with all sorts of virtues. Treitschke speaks of its "holiness" and its "divinity" because "it is the most powerful force that goes to the making of nations." Herbert Spencer says that war is the origin of government. A human aggregation which finds itself under the necessity of defending itself or attacking another selects a chief distinguished for his warlike qualities. This chief inspires confidence and exacts

* The *Journal des Économistes*, January 15th, 1904—my communication to the *Société d'Économie Politique:* "The Influence of the Economic Ideas of Herbert Spencer;" *The Theory of Evolution, Ultima Verba*, by Molinari; *Le Commerce et les Commerçants*, Book II., Chapter II., by Yves Guyot.

obedience. From this process springs the military type with its reliance on the governing power. Along such lines of evolution we reach the régime of *statute*, regulating the actions of men.

War is an instrument of constraint; exchange, being the resultant of discussion, individual initiative and agreement between the parties, is an instrument of freedom.

Treitschke, contrasting the two civilizations, says:

"The majesty of War appears in the effacement of paltry individualism before the conception of the all-embracing State."

General Bernhardi and others have developed that idea:

"The *Ethos* of Prussian policy, preserved inviolable through the ages, is War—war not merely as a means to territorial expansion and the realization of political ambitions, but as a moral discipline, or rather as a kind of spiritual inspiration."

Baron von Strengel, returning from the Hague Conference, wrote a book in which he denounced peace as a national peril and prayed that "the love of peace might be torn from the soul of the nation." Mirabeau said that "war was the national industry of Prussia," and Hans Delbrück has added: "It is our national religion and life." An Austrian professor, Herr Ludwig Gumplowitz, has revived the old Latin doctrine: "A foreigner is an enemy." Heinrich Rettich considers that "war between States is a human necessity," a necessity which is "none other than the tendency to increase one's possessions at the expense of strangers." If this principle applies to groups it must equally apply to individuals, and when the professor who expresses these views wants some coffee he should seize it instead of buying it from the grocer who has himself bought it from the importer.

This plan has not infrequently been tried by various individuals, but the professors, by a singular lapse of logic, call them thieves, and remind them that there is a Penal Code which makes that method of "increasing their possessions" both dangerous and unpleasant.

It is idle for the descendants of the Germans, so well described by Tacitus, to speak of making war for war's sake, because war always ends in peace and the periods of peace have been much longer than the periods of war. Besides, the Germans are not merely a race of warriors. They claim to take the first place in agriculture, industry and commerce. The real origin of the present war is the absence in Germany of equilibrium between productive civilization and militarist civilization.

CHAPTER II

THE POPULATION OF GERMANY

"The rights of over-populated countries"—Emigration has almost ceased in Germany—The populations of Belgium and Germany compared—The area at their disposal—The Torrid Zone—An argument for the Neo-Malthusians—The Slavs—The absurdity of the extermination theory.

IT must be remembered that the area of Germany (540,800 square kilometres = 208,780 square miles) is only 4,400 square kilometres more than that of France (536,400 square kilometres = 207,100 square miles). In 1871 the population of Germany was 41,059,000; in 1900, 56,367,000; in 1910, 65,000,000; and according to the calculation for 1913, 66,835,000.

Germany is over-populated. Then she has a right to additional territory! Such is the basis of her claims—claims endorsed by many non-Germans, who, parrot-like, take up the cry.

Yet the Germans themselves are not finding existence so onerous that they must seek better conditions elsewhere. Quite otherwise. The volume of emigration has steadily diminished. In 1885 the emigrants numbered 171,000. In 1892 the number fell to 116,000, in 1898 to 23,000, and from 1908 to 1912 the annual average has not exceeded this last figure. If the Germans themselves do not find that there are too many of them in Germany, why talk of Germany's surplus population entitling her to additional space?

The Pan-Germans reply: "It is true that Germany is capable of supporting a population of 68 millions, but she will be unable to support one of 80 or 90 millions." Now a German population of 90 millions would mean 166 to the square kilometre. But Belgium, with an area of 29,455 square kilometres, had a population of 7,658,000 in 1913; that is, 260 to the square kilometre, or 56 per cent. more than Germany. If the German argument is sound and they have the right to take territory from other nations, how much weightier is it in the case of Belgium! It gives the Belgians a claim to a slice of Germany. On the same scale the population of Germany would be, not 67 millions, but 140 millions; so there is still a margin.

Belgium has no need of conquests to support her population. The Belgians do not even emigrate to the Congo, where there are only 5,500 whites.

The earth is not yet over-populated. The United States, Canada, Argentina and Brazil still have huge areas which are only sparsely populated.

The German colonies are for the most part situated in the Torrid Zone, to which the European, especially the North European, seldom becomes acclimatized. The white population of the German colonies, including Kiao-Chau, was only 27,800 in 1912. These colonies have no more furnished an outlet for the German population than has the Congo for Belgium.

The Germans had better hopes of Morocco, but there, too, their calculations went wrong.

The German argument that their over-population justifies the invasion and conquest of other countries would be a formidable weapon in the hands of every German householder whose family approaches unwieldy proportions. He could say with justice that a man with a large number of children has a right to help himself to the property of a man with a smaller number. But before putting his theory into practice he would have to secure the reform of the Penal Code, which punishes thieves without regard to their family burdens.

The adherents of this peculiarly German theory also supply the Malthusians with an overwhelming retort: "Instead of exercising self-restraint you multiply with no regard for consequences and then seize territory from other peoples under the pretext that your short-sightedness gives you the right. To shift your responsibilities on to their shoulders, you use your surplus population to overwhelm them with your outflanking strategy and mass tactics. They resist; and your surplusage of men vanishes in the gaps created by your own theories of war. It would have been better to deny yourselves the births and education of the poor beings you sacrifice on your battlefields."

If mere numbers betoken rights, the Slavs, with their population increasing faster than that of Germany, have an even greater claim to accessions of territory. Between 1846 and 1855 Russia in Europe had a population of 65 millions. On January 1st, 1910, the population of European Russia, including Poland and Finland, was estimated at 137 millions. If Asiatic Russia is added, the total amounts to about 170 millions. Thus the increase in population of Russia in Europe is nearly double that of Germany.

In 1912 and 1913 the Chancellor put forward the Slav peril as the principal justification for the increase of the German army, and the Slav peril is unquestionably the Kaiser's motive for selecting 1914 as the best date for the war.

Does he think that the 170 million inhabitants of the Russian Empire can be exterminated? Suppose he thinks he can kill two millions of them, though Russian military history does not encourage the belief that Russians allow themselves to be slaughtered like sheep. If he loses only half as many in the process, the relative situation remains unchanged, in view of Russia's numerical superiority. But if he loses the same number, the loss is double. He knows quite well Russia cannot be conquered and that an army which pentrates into the heart of Russia is an army lost. Then what is his real aim? Does he want to colonize Russia with Germans? In spite of his appeal to the Teutonic Knights, his coercion laws and the expenditure of millions, he has failed to clear the Poles from the Duchy of Posen.

It is as impossible for the Germans to exterminate the Slavs as for the Slavs to exterminate the Germans. All this talk of extermination is a relic of atavism, a return to the primitive ideas of men who lived at least two thousand years ago. The Teutons could not even entirely exterminate the thinly-scattered alien populations of that period.

The modern Germans make themselves ridiculous when they compare themselves to the races of classical antiquity which were overwhelmed by the barbarian invasions. There is nothing more absurd than the efforts of Goethe and Nietzsche to transform the Teutons into Greeks. Mephistopheles and Zarathustra came from our Northern mists. Aristophanes never met them on the Agora. We have still to wait for the sculptor who is to adorn the Tiergarten with a modern German's idea of the Apollo Belvedere, a spiked helmet on his head, a pipe between his teeth, drinking his beer and staring manfully at a heavy-footed Callypigian Venus.

This self-comparison with Greece, absurd enough to excite our pity, proves that a nation's civilizing influence does not depend upon its numbers. Men will be reading Aristotle and Plato long after they have forgotten the names of the ninety-three signatories to the *Manifeste des Kulturkrieger** ("Manifesto of the Intellectuals").

* See the *Journal des Économistes*, August and September, 1914, and April, 1915. Letters from Luigi Brentano, Yves Guyot, D. Bellet and G. Blondel. This correspondence has appeared in a brochure, under the title: *Le Manifeste des Kulturkrieger.* (Published by Félix Alcan, Paris.)

CHAPTER III

THE THEORY OF NATIONAL ECONOMY

Economic science a cameral Science—The Historical School—National Economy —The Congress of Eisenach—Adolph Wagner and Schmoller—Reaction against the disciples of Adam Smith—A summary of the economic doctrine —Frederick List—His conclusions.

IN Germany economic science has always been regarded as a cameral science. (The word "cameral" comes from "*Kammer*," the Chamber, which in the Middle Ages in most German States administered the Crown lands and looked after the revenue.) In 1727 Frederick William I. founded at Halle and Frankfort chairs of economics and cameral science. Economics was only a department of government and the exchequer. It has not lost that character.

The German historical school of jurisprudence, with Savigny at its head, proposed to set up traditionalism in opposition to the French Revolution and the critical school of Kant.

The economists who founded the historical school have more or less followed Savigny. The German historico-ethical school might just as well call itself the school of economic atavism. Its ideal is a return to the ancestral type. Von Thünen, List and Roscher are nationals. Roscher says that there are several political economies, as if there could be several national arithmetics. They became "Academic Socialists" when Roscher, a professor at Leipzig University, who in 1843 had enunciated the programme of the Historico-Ethical School, *Grundriss zu Vorlesungen über die Staatswirthschaft*, founded the "Society of Social Policy," which held its first congress at Eisenach on October 6th, 1872. There were present Professors Schönberg of Tübingen University, Adolph Wagner of Berlin University, Luigi Brentano, then at Breslau University and now at Munich, Hildebrand of Jena, Knièss of Heidelberg, and others. Schmoller, who has since become rector of Berlin University, gave the inaugural address, in which he declared that "the physiological conditions of

the various social classes ought to be the basis of our reforming activities. He was not asking for the suppression of industrial liberty, nor the capitalist class; but he could not, merely out of respect for abstract principles, allow so-called freedom of contract to lead to the economic exploitation of the working classes."

For the rest, there were divisions in the camp. Herr Wagner poked fun at the "Ethico-historico-psychologico-statistico-inductive School, the members of which fortify themselves in their narrow ideas and form a clique." The nerveless fatalism of the "paleographical economists" he dubbed "historical quietism," and spoke jocularly of "this science of archives." Herr Schmoller, on the other hand, called him a metaphysician.

The Germans are right in speaking of their historical method as being peculiarly their own. Herr Schmoller described it thus at the close of his inaugural address as Rector of Berlin University in 1897: "All the great idealistic conceptions, humanity, Christianity, the development of law during thousands of years, the moral duties of the State, especially as they have been understood in Germany and Prussia, lead us along that pathway of reform to which the imperial messages of 1880 and 1890 beckoned us. German science has done nothing more than to attempt to lay a solid foundation for those old ethico-religious and juridico-political precepts."

Thus Herr Schmoller assigns to German economic science the task of justifying the past and present of the German Empire and the political ideals of the German Government, truly the task of a maid-of-all-work.

"Modern economic theory," he says, "has reached a historical and ethical conception of the State and Society utterly unlike that which was formulated by rationalism and materialism. It is no longer a simple theory of commerce and exchange. It has once more become a great political and moral science which has restored man to his rightful place as its true subject-matter, not goods and capital."

Herr Schmoller, with all the authority given him by his rectorate, carefully notes that "a pure disciple of Adam Smith cannot be a useful teacher," and that, consequently, he would have to adapt his science to the necessities of the Government's social policy or "relinquish his chair."*

Economic Science must be "national." The *Catheder Socialisten*,

* This passage, disputed by Herr Luigi Brentano, is to be found at p. 323 of Schmoller's *Politique Sociale et Economie Politique*. French translation reviewed by the author.

the "Academic" Socialists, are always clamouring for greater interference by the State in economic affairs, "to invigorate public spirit," says Herr Held, forgetful that the stronger the State, the weaker is public spirit. Herr Wagner goes so far as to say that the individual citizen has no right to his own comings and goings, to change his residence from one place to another, or to marry without permission. Following Marlo and Schöffle, he would allow the State to fix the number of families and the number of children to each. He forgets to tell us how the State would ensure obedience to the last regulation.

The tenets of this school may be summarized thus :

(1) Man is not a mere egoist. He is gregarious by nature (*Gemeinsinn*), and has the instinct of obedience to duty, his country and God.
(2) There are no universal and unchanging factors in human nature. Men differ from each other according to their stages of civilization.
(3) Every question must be examined in its relation to a given country, and with the help of statistics and history. This is the "historical and realistic method."
(4) The State takes precedence of the family, and the family of the individual.
(5) A private person has only such rights as the laws give him.
(6) The function of Political Economy is to examine the condition of the various social classes and maintain equilibrium between them.
(7) The Government has the right and duty to regulate competition within the State ; *a fortiori*, competition with other countries.
(8) It is untrue that all interests, even legitimate interests, can be made to harmonize. Egoism spurs men to robbery and evil conduct, and to set up their own private interests in opposition to the general good. The State, the highest instrument of Law, and in the name of national interests, must suppress or restrain them.
(9) The State must protect and foster every form of economic activity which furthers its purposes, and discourage all others.
(10) The State should replace private foresight by public foresight.
(11) Rights of property have assumed very various forms. They are not absolute nor always identical.
(12) Economic problems are not self-contained. They are intimately bound up with psychology, religion, morals, law, national habits and history.
(13) Political Economy is a "cameral" science. The State is its subject, and the social question is a moral question.*

Frederick William and Frederick II. organized the economic system of Prussia on the military model. The "National Economists," "Historico-Ethicals" and "Catheder Socialisten" bear the stamp of their origin. They are committed to the inconsistency of wishing

* See Yves Guyot : *La Science Économique*, 4th edition, 1911, p. 351.

to maintain in an industrial civilization that all-pervading domination of the Government which characterizes a militarist civilization.

The man who was cited as the authority in favour of the protectionist changes of 1879 was Frederick List. List was born in 1789 at Reutlingen in Würtemberg. He spent his youth attacking the nobility and bureaucracy and threw himself into the movement which, after 1815, aimed at removing the customs barriers which separated the small States of Germany. After ten months of hard labour in prison, his reward for a too enthusiastic advocacy of this cause, he was compelled to leave Europe for the United States. There he attacked Adam Smith's system of "cosmopolitan economy" and enunciated his theory of national economy. Although he continued to devote himself to questions immediately concerning Germany, he was unable to return to his native land until 1834. In 1841 he published his *National System of Political Economy* and committed suicide in 1846. I give here the principal points of his work:

(1) There should be no duties on imported foodstuffs.
(2) In international trade the exchange is between nations, not between individuals.
(3) Nations should maintain a protective system until they are in a position to compete with England.
(4) It should be the Government's business to foster the increase of producing capacity for all commodities the production of which is favoured by natural resources.
(5) A nation should be self-supporting, except in respect of certain raw materials like cotton.
(6) All the States of Germany should enter a single customs union.
(7) Holland is as much a part of Germany as Normandy is of France.
(8) What is called "the maintenance of the balance of power in Europe" has been nothing but the effort of the weaker to prevent the stronger from realizing his purposes.
(9) Germany, with the countries "which belong to her," Holland, Belgium and Switzerland, can make herself a commercial and political Power.
(10) The nations, Germany, Holland and Belgium, whose naval power is inferior to that of England should amalgamate to form a united naval Power instead of remaining at the mercy of English supremacy.
(11) It is to the interest of all that England's industrial predominance should lose those avenues of access (Holland, Belgium and the Hanseatic towns) by which England has hitherto maintained her ascendancy in the Continental markets.
(12) It is of ten times greater importance to secure and maintain the home market than to seek wealth abroad.
(13) No commercial privilege should be granted in Asia exclusively to one European nation. Neither of the two routes to the Red Sea and the Persian Gulf must be in the sole possession of England.

(14) If any nation is qualified for the establishment of a national industrial power, that nation is Germany.

(15) We maintain that the existence, independence and future of the German nation depend on a German system of national protection.

We will now see in what manner and with what modifications those who appealed to List put his theories into practice.

CHAPTER IV

THE ZOLLVEREIN AND THE TARIFF OF 1879

The *Zollverein*—Bismarck's inconsistent policy—How his protectionist policy encouraged Socialism—The rural and industrial populations—Germany's nerve-centre lies west of Berlin—The importance of the Rhine Province and Westphalia.

UNDER the Continental System Napoleon prohibited maritime trade, but insisted on free trade between all nations under the total or partial domination of France. Their population was estimated to be seventy-two millions.

After the Congress of Vienna in 1815 Germany found herself cut up into a number of small States, each of which insisted on its own customs and currency as the sign manual of its independence. No doubt it was very glorious, but it was extremely inconvenient for the populations distributed among them. In Prussia, which was a medley of States having little or no connection with each other, there were no less than sixty different tariffs covering 2,800 articles. At one point of her long frontier a particular article was duty-free; at another, duty was payable on it.

Baron Heinrich von Bülow, Minister of Commerce, and Karl George Mxasen, the Finance Minister, decided to impose no import duties on raw materials but to impose a ten per cent. duty on manufactured articles and a twenty per cent. duty on colonial products. These duties were specific and not *ad valorem*. Prussia's neighbours, the small States, jealous though they were of their economic freedom, gradually entered the customs union. The first recruit was Schwarzburg-Sondershausen in 1819, and others followed. In 1828 Würtemberg and Bavaria formed a customs union. Towards the end of that year a commercial union of central Germany was formed between Hanover, the Saxon duchies, Brunswick, Nassau and the free cities of Frankfort and Bremen, in opposition to the development of the Prussian system. On May 29th, 1829, however, Prussia signed a

commercial treaty with the southern commercial union, and on March 22nd, 1833, the central and northern unions were amalgamated. On January 1st, 1834, the larger part of Germany had a single customs frontier, and by January 1st, 1854, the Prussian system had, in spite of Austrian opposition, absorbed the whole of Germany except Hamburg, which only accepted it in 1888. The development of railways had convinced the most resolute opponents that a Zollverein was inevitable.

The German tariff, after the commercial treaty of 1862, was comparatively liberal. Bismarck established the protectionist tariff of 1879 in the interests of the industrials of the Rhine Province and Westphalia. At the same time that he was introducing repressive legislation against the Socialists, these import duties were fostering industry and thus swelling their ranks. To this masterpiece of logic he added the inauguration of an Imperial insurance scheme, a soothing poultice of bureaucratic Socialism which he thought would dissolve the Socialist party, but which only strengthened it. It contributed largely towards the exodus of the rural population into the industrial centres.

In 1871 the rural population living in communities of less than 2,000 inhabitants was 64 per cent. and the urban population 36 per cent. In 1895 the two populations were numerically equal. In 1907 the entire agricultural population numbered 17,243,000, out of a total of 61,720,000, or 279.5 per 1,000, instead of 349 per 1,000. The industrial population, excluding those employed in mines, numbered 23,404,000, or 375 per 1,000, instead of 355. The mining population numbered 2,982,000, or 48.3 per 1,000, instead of 35.7. Commerce and the transport industries accounted for 8,278,000, or 134 per 1,000, instead of 115.2.

Berlin is nearly midway between the eastern and western frontiers of Prussia. Her nerve-centres lie to the west. Except for the great industrial province of Silesia, all the industrial forces of Germany have a tendency to congregate in the west. The movement of the population of Prussia demonstrates the truth of this observation. Except for Breslau, which has 515,000 inhabitants, all the towns with more than 250,000 inhabitants lie to the west of Berlin, which, according to the census of 1910, had a population of 2,071,000. Cologne has 517,000 inhabitants; Frankfurt-am-Main, 415,000; Düsseldorf, 359,000; Charlottenburg, 306,000; Hanover, 302,000; Essen, 295,000; Magdeburg, 280,000. For the rest of Germany, Dresden,

with 552,000 inhabitants, is on the same degree of longitude as Berlin; but Leipzig, with 626,000 inhabitants, Munich with 608,000, and Hamburg with 987,000 lie to the west.

At the Düsseldorf Exhibition of 1909, a great chart near the entrance demonstrated the importance of the Rhine Province and Westphalia to the Prussian Monarchy.

		Percentage.
Area	52,820 kilometres (approx. 20,374 square miles)	15
Population	9,955,000	29
Volume of trade	97,545,000 tons (metric)*	45
Coal products	72,187,000 ,,	71
Mining products	2,977,000 ,,	66
Iron products	4,706,000 ,,	81
Steel products	3,647,090 ,,	86

The proportion has steadily risen.

Bismarck always designed his protectionist policy to keep on good terms with the manufacturers of the Rhine Province and Westphalia, and so that at the time he was attempting to proscribe Socialism he could say: "I give work to the working classes."

* A metric ton=2,204·6 lbs.

CHAPTER V

ACTIVE PROTECTION AND THE AGRARIAN INTEREST

The demands of the Agrarians—The tariffs of 1885 and 1887—Bismarck's mistake—Action against Russia—Caprivi's concessions—Anger of the agrarians—Their appeal to the Kaiser—Agrarian *v.* Industrial policy—Prince Hohenlohe and the great estates—Coalition between the great landowners and the great manufacturers—The low standard of living of the working-class—The import of grain—The "Import Certificates"—Agricultural "Dumping"—The export of rye to Russia—The advantages of import certificates—Bounties on spirits—Agricultural syndicates and the great landowners.

IN his 1879 tariff Bismarck had imposed a duty of one mark* per 100 kilogrammes† on imported wheat, rye and oats, and 50 pfennigs on barley. These were small duties which List would none the less have opposed.

But this duty, so far from satisfying the great landowners of the East, only roused their anger and fired their ambitions. They considered their interests had been sacrificed to those of the industrials of the West. Had they not a far stronger claim to protection? Were they not the pillars and props of the Crown? Were not East Prussia, West Prussia, Brandenburg and Pomerania the ancient possessions of the Prussian Monarchy, while the Western provinces had only been acquired by war or diplomatic pressure? Was not Bismarck himself by birth a great landed proprietor? Bismarck lent a sympathetic ear and immediately after the Treaty of Skiernewice, forgetting that he had just been striving to establish an *entente* between Germany and Russia, he secured the acceptance of the law of May 24th, 1885, which raised the duties on wheat and rye to 3 marks per 100 kilogrammes, on barley and oats to 1 mark 50 pf. By the law of December 21st, 1887, these duties were again raised to 5 marks for wheat, 4 marks for oats and 2 marks 25 pf. for barley.

This policy pleased the agrarians, and also annoyed Russia,

* One mark=11¾d.; 50 pfennigs=6d.

† One kilogramme=2·204 lbs. avoirdupois.

Bismarck being apparently under the singular impression that he could ingratiate himself with that country by his hostile economic practices. This tariff war was not without effect on the relations between Russia and France. Yet Bismarck recognized the importance of keeping on good terms with Russia!

When Caprivi was Chancellor he cared less for the friendship of Russia than for the goodwill of the United States and Great Britain. All this time, while the import duties checked the imports of Russian wheat into Germany, Russia was answering them with duties on manufactured articles. Both countries suffered heavily. Caprivi had to consent to a reduction of the duty on wheat and rye from 5 marks to 3 marks 50 pf., on oats from 4 marks to 2 marks 80 pf. This scale, lower than that of 1887, was still higher than that of 1885.

The agrarians were all the more exasperated with the "contemptible" Chancellor, because he "owned not a foot of ground nor a blade of grass." They appealed to a man of their own class, a great landed proprietor like themselves, the Kaiser! He heard their cause, expressed his sympathies and one fine day, after a violent scene, brusquely dismissed the Chancellor as a reward for his great services to the Empire in concluding commercial treaties with Russia, Roumania, Austria-Hungary, and other countries. Caprivi was replaced by Count Bülow, a great landowner whose agrarian sympathies were well known. Thus did the Agrarian *Bund* (League) triumph.

In his speeches at Essen and Breslau in 1902 William II. revealed his violent aversion to the Socialists. He wanted to pursue an agrarian policy in preference to the industrial policy which fostered Socialism. In the session of January 23rd, 1905, Count Posadowsky, Minister of the Interior, expounded this policy. He contrasted the restless "neurasthenia" of German public and political life with German agriculture, which he called "the sheet-anchor of the ship of State." He wanted to maintain the agricultural element as a permanent counterpoise to the floating population of the towns, "which gave the Reichstag the largest Radical majority in the world."

However, Prince Hohenlohe confessed in the Reichstag that an owner of twelve hectares,* so far from being in a position to sell corn, had to buy it. Small holders represent 76 per cent. of all the agricultural proprietors of Germany, so he was admitting that fifteen million peasants had no interest in the tariff duties.

* One hectare = nearly 2½ acres.

The corn duties were only imposed in the interests of the great landowners. A small holder produces ten tons of rye and sells one. If he profits by the duty of 5 marks per 100 kilogrammes, it is only to the extent of 50 marks, which, spread over 100 metric quintals*, gives him 50 pfennigs a quintal. The large scale grower who produces 1,000 quintals can sell at least 900. His profit from the protective tariff amounts to 4,500 marks (£221), which gives him 4 marks 50 pf. per quintal.

But this argument had no bearing because the great landowners had been clever enough to negotiate with the great industrials and arrive at an understanding profitable to both. The working classes would pay a little more for their bread and pork, but a rise in wages does not necessarily follow an increase in the cost of living. The only thing that mattered was to maintain the protective system, and in 1905 the Reichstag, by 228 votes to 81, raised the duty on wheat to 5 marks 50 pf., the duty on rye and oats to 5 marks, and the duty on barley to 4 marks. The duty on flour was raised from 7 marks 30 pf. to 10 marks 20 pf.; that on pigs, from 3 marks 30 pf. to 9 marks; that on sheep from 1 mark 70 pf. to 8 marks, and on fresh and frozen meat from 15 marks to 35 marks.

The census of 1907 shows that the imposition of duties on foodstuffs has not won back the nation to agriculture. At the same time they have been a heavy burden on the working classes. Mr. Andrew D. White, formerly United States Ambassador in Germany, said in 1905:†

"There is much distress among the poorer classes. The food consumed by many is not only unappetizing but abominable. In a number of industrial centres human beings herd like animals. The condition of the peasants in Prussia, Silesia and Thuringia is terrible. Horrible misery is hidden behind the flimsy fabric of politico-humanitarian institutions which deceive the superficial inquiries from other lands. These institutions are but the pitiless travesty of State providence, and are already crumbling to their doom."

Yet notwithstanding all these privations, Germany is not a self-supporting country, and is compelled to import a certain quantity of corn.

In 1894 the agrarians invented an exceedingly ingenious method of using the import duties on cereals as an export bounty, a method

* One metric quintal = 100 kilogrammes = 220 lbs. avoirdupois.

† *Germany's Aim in Foreign Politics*, "North American Review," April, 1905, p. 561.

known as the system of "Import Certificates" (*Einfuhrscheine*). Any exporter of grain or flour has the right to a certificate which authorizes him to import, free of duty, a quantity not only of cereals, but of things such as coffee and oil, equivalent in value to the amount specified in the certificate.* If the world's market price of rye is 110 marks and the German market price 150 marks, an exporter will export his rye at 110 marks and receive an import certificate of 50 marks, which he sells on the Bourse. He thus receives 160 marks, showing a bonus of 10 marks on the German market price.

This is a kind of agricultural dumping, with the aggravating circumstance that it originated in a law. Thanks to the system, Germany, formerly an importer of rye, has become an exporter:

Five year average.	*Imports.*	*Exports.* (In metric tons.)	*Difference.*
1891–1895	646,800	17,400	– 629,400
1906–1910	453,600	506,500	+ 52,800
1910	389,500	820,000	+430,500
1911	614,100	768,500	+158,400

The average annual value of Russian rye imported into Germany from 1891 to 1895 was £2,400,000; from 1896 to 1900, £3,270,000. In 1909 it fell to £1,755,000 and in 1910 to £1,945,000.

The rye growers of Germany are to be found mainly in the Eastern provinces. Instead of selling their harvests in the west of Germany, they find it more profitable, thanks to the import certificates, to export them to Northern Europe, especially Poland, Russia and Finland. The Germans have established mills in Russia just within the frontier. They send their rye there, availing themselves of the import certificates. The flour is sold in Russia and the bran re-exported into Germany. If the market price of rye were not higher in Germany, the export bounty would amount to 31.35 per cent. of the value of the the rye.

The following table shows the increase of the German export of rye into Russia:

	Tons.	*Value in £.*
1891–1895	7,700	£48,000
1901–1905	16,100	£81,000
1906–1910	111,000	£750,000
1911	146,700	£1,050,000

* The *Journal des Économistes*, April 15th, 1914, p. 68. *Le Traité de Commerce Russo-Allemand et l'Allemagne exportatrice de céréales*, by Max Hochschiller.

The increase in the export of German rye into Finland has advanced from 1,832 tons in the period 1885–1889 to 26,437 tons in the period 1905–1909, while the import from Russia advanced from 14,400 tons to 34,000, and instead of constituting 88 per cent., as in the first period, only formed 56 per cent. in the second.

The diminution, as regards imports of flour, is even more striking:

	Russia.	*Percentage.*	*Germany.*	*Percentage.*
1885–1889	17,300	98	300	1.7
1905–1909	21,200	25.7	38,000	46.2

The flour which the Germans export to Finland comes from the wheat they import from Russia.

Germany has also driven Russian grain and flour out of Sweden and Norway.

The German agrarians claim that this system is perfect and are for ever clamouring for higher duties on wheat. We can easily see why. In 1910 Germany exported 820,000 metric tons of rye, in respect of which there were import certificates for £2,010,000. The same year she only imported 389,500 tons, on which the import duties amounted to £963,700. The figure for the value of import certificates not paired with import duties was thus £2,010,000 – £963,750 = £1,046,250. Such was the clear profit, not to mention the profit resulting from the difference between the world's market price and the German market price.

The Russo-German Treaty was due to expire in 1917. The Russians disliked intensely the aggressive protectionist system so beloved of the Germans. One would not be far wrong in saying that one of the motives for the declaration of war on Russia could be expressed in the words: "As soon as we have beaten Russia we can compel her to accept the terms of any commercial treaty we choose to dictate."

With a view to favouring agriculture and especially the great potato-distillers, a scheme was started in 1887, in the Bismarckian era, to graduate the duty of 70 marks a hectolitre* in such a way as to return 20 marks a hectolitre to certain classes of producers of spirits for specified quantities. The quantity of spirits which paid duty at 50 marks was less than the consumption, which was thus obliged to pay as if the duty of 70 marks had been imposed on the total production. In this way the distillers made an extra profit

* A hectolitre = 100 litres = 22 imperial gallons.

of 20 marks per hectolitre on all the spirits they distilled and sold. In other words, it was a present of £2,000,000 per annum as compensation for the drop in the consumption. In 1909 the duty was raised from 70 to 125 marks a hectolitre—the rate being only 105 marks up to the amount of 226.4 million litres. This preserved the *Liebesgabe* of £2,250,000 to £2,350,000; but the consumption having fallen off, the profit realized was not more than £2,000,000 in the last years. Between 1887 and 1910 some of the big distilleries made six or seven million marks out of the difference of 20 marks.

The production and sale of spirits in Germany are controlled by the *Central für Spiritus Verwertung*, which includes almost every producer. Legislation has been passed which embodies the syndicate's wishes. There are fines for overproduction and bounties on denaturation. German spirits pay 125 marks a hectolitre, while imported spirits would pay a duty of 225 marks if they could get into the country.

Import duties and export bounties are both favourable to the policy of the syndicates. M. A. Souchon has studied that policy in his book, *Les Cartels de l'Agriculture en Allemagne.** He comes to the conclusion that "*les cartels sont d'autant plus faciles à établir que le sol est moins morcelé.*" (The fewer the subdivisions of land—*i.e.*, a few large estates instead of many small ones—the easier it is to form syndicates.) Thus they work in favour of the great landowner. Their success has been most striking in Pomerania. The *Central für Spiritus Verwertung* has its supporters among the great landowners of the east.

The Sugar Syndicate was killed by the Brussels Conference in 1902. M. Souchon says that "the *Central für Spiritus Verwertung* would have been equally unable to survive such an ordeal."

The Agricultural Syndicates have roused the suspicions and anger of the consumers. Not without reason in the case of the Sugar Syndicate, adds M. Souchon.†

The syndicates, however, are not always successful in maintaining prices at a high level because the hope of even further rises stimulates supply.

The entire economic organization of Germany is concerned with

* 1903. A Colin.

† See Yves Guyot: "La Question des Sucres en 1901;" "L'Industrie du Sucre sur le Continent." *Journal de la Société de Statistique*, Nov. 1902.

production only. Demand and the purchasing power of the consumer are not considered. If the consumer cannot keep up it is his own fault.

Thus Germany's idea is to throw her surplus production to the foreigner, and if the foreigner is rude enough to receive it without enthusiasm he must be prepared to meet the Kaiser's anger.

CHAPTER VI

THE GERMAN SYNDICATES AND DUMPING

The Syndicates are monopolies of sales, not of production—They date from the Tariff Law of 1879—The syndicates and the chemical industry—Herr Liefmann on the disappearance of economic individualism—Cost price and market price—The fight against the customer—The consumer exists for the producer—The Potash Syndicate—Waste—The limitation of production—The Rhenish-Westphalian Syndicate imports coal—Over-production—The consumer's revenge—The disappearance of the small-scale producer—The combines—A fictitious method of keeping up prices only prolongs crises—The impossibility of controlling prices—The Prussian Industrial State and the syndicates—"Dumping"—How it favours the foreigner—Rotterdam—Export bounties for finished products—An unexpected result—German and English sheet-iron—List's theory of national economy means a present to the foreigner—Attacks on foreign industries—The Nobel Dynamite Trust Company, Limited—The European Petroleum Combine and the Deutsche Bank—Industry and the Banks—Financiers and the syndicates—Some conclusions.

HERR ROBERT LIEFMANN* has defined a syndicate as a voluntary association of producers in the same line of industry who, while preserving their own independence, agree to act together with a view to acquiring a monopoly in the market. The words "preserving their own independence" are not strictly accurate, for the members of a syndicate are bound by a limit of production which they may not exceed, and cannot dispose of their own products entirely as they please. But this description has the merit of being frank, and admits that the object of a syndicate is to acquire a selling monopoly and to impose its own price on the consumer. Every member can consult his own convenience as to his method of production, and therein lies the difference between a syndicate and a

* *Cartels et Trusts*, by Robert Liefmann, Professor at the University of Freiburg in Breisgau, 1909. French translation, 1914. *Trusts, Cartels et Syndicats*, by Arthur Raffalovich, 2nd edition, 1909. See also the *Marché Financier*, which M. Raffalovich publishes annually and which contains a record of all the events in connection with syndicates in the last twenty-five years.

trust. In almost every case a syndicate is only an instrument for the monopoly of sales.

Some German syndicates were founded prior to 1870, but the great crash in the middle of that year led to their development. They still remained, however, isolated phenomena, and the real era of syndicates begins with the protective tariff of 1879.

Herr Liefmann says that the protectionist reaction was not a reason so much as an opportunity for the growth of syndicates. This may be true in general, but Liefmann admits that in 1879, the tariff having increased the cost of raw materials in the soap and dynamite industries, the producers were compelled to restore the balance between the sale price and the increased cost price by means of general agreements. The greatest development of syndicates occurred in the periods of marked industrial expansion, such as 1888 to 1890, 1895 to 1900, and from 1904 to 1907. They were, therefore, not intended to maintain prices but to raise them.

According to the investigations made by the Imperial Department of the Interior in 1903, the syndicates numbered 335. There were 132 in the brick industry, 62 in the iron industry, 19 in the coal industry, 46 in the chemical industry, 27 in the industries connected with stone and earthenware, 17 in the industries engaged in supplying food. They represented 15 groups of industries, including the textile industries, in which there were 27.

But syndication is not always feasible. It is only really suitable for those industries the products of which present a character of simplicity and uniformity. Hence the appearance of subsyndicates, especially in the chemical industry, which are only concerned with the production of one substance. An example is the Bismuth Syndicate. Of the 500 existing syndicates, a certain number represent "syndicated" concerns which have disappeared and been replaced by others.

The Germans have gone on from national syndicates to international syndicates, of which more than half belong to the chemical industry; the others concern rails, steel tubing, and other metallurgical products. The field of action of these syndicates is mainly confined to Austria and Belgium.

Herr Liefmann greets the advent of syndicates with the most unfeigned enthusiasm. They have destroyed economic individualism. Adam Smith had stated that in a free market competition tended to keep the selling price very near to the cost price. The producers being

rivals, the consumers were the *tertius gaudens*. The syndicate has changed the fight for the consumer into a fight against him. It is the old militarist notion that the individual does not count. It is no longer the producer's object to satisfy the consumer's (that is, the whole world's) needs as expeditiously as possible. He is to be the consumer's master, and the consumer's *raison d'être* is to be the source of his profits. Under the régime of competition the profits are the measure of the consumer's satisfaction, and he is more necessary to the producer than the producer to him. But under the régime of syndication the profits are the result of successful exploitation of the consumer. The syndicate régime attempts to make the consumer put himself entirely at its service, and one of its methods is to make him buy exclusively from the syndicates.

This ambition is by no means always realized. The syndicates force up prices with the inevitable result of raising up against themselves rival concerns, some of which are formed with the sole object of compelling the syndicates to buy them out. These things have happened in every industry, notably the potash industry (*Kaliindustrie*). The new firms care naught for demand, and seem to labour under the delusion that the mere production of potash implies profits. This error is the revenge on the syndicates of the theory of economic liberty. The syndicates have encouraged the industrials to give no thought for the consumer but to produce for production's sake. In 1879 a syndicate was formed which comprised the two largest producers of potash—the Prussian State, the State of Anhalt—and two private firms. In 1905 there were no less than three hundred boring undertakings. The *Kalisyndikat* spent millions of marks on making borings in the vicinity of rival borings merely to compel competitors to sell their ground. In 1909 there were fifty-two members of the syndicate. Thirty new workings were in course of construction. The figure of participation of the three oldest concerns fell to 2.8.

In the summer of 1909 some of the large firms resumed their freedom of action and concluded several large contracts with the United States. The syndicate found itself broken up. This was an unexpected occurrence, and the Imperial Government reconstituted the syndicate by enacting that all the workings should be included in it. The State works and those in which it was interested were to have no limit of production, but all others were to be restricted in their output for six years. This arrangement was calculated to keep new concerns out of the field, but the calculation proved vain. In 1910

there were sixty-nine concerns. The estimate for 1915 was two hundred and seventy-five. It has been said that between 1901 and 1914 the potash industry has been responsible for a waste of £60,000,000.* The root principle of the syndicate is the limitation of production by assigning a certain output to each member. They are all liable to the fate which overtook the Rhenish-Westphalian Syndicate when, owing to its difficulties in increasing output and opening new mines in 1906, it was obliged to purchase immense supplies of coal in England, as it could not meet the demand. Six months later it had a heavy surplus on its hands. To prevent the mines being closed down and the employees turned off, it was obliged to accumulate stocks and to sell abroad at dumping prices.

The syndicates claim to be able to regulate the conditions of industry, but they have patently failed, in spite of all their efforts to make demand suit their own convenience. From time to time the consumer takes his revenge and demonstrates that he does not exist for the producer but the producer for him.

But the syndicates have certainly resulted in the extinction of the small-scale producer to the advantage of the large-scale producer.

At the same time they have raised up against themselves what are known as "Combines." For example, the great foundries begin to work mines and themselves undertake the production of everything they need, so as not to be dependent upon the syndicates for their materials. The Cassel firm of Hendschel and Solm, which makes locomotives, has acquired blast furnaces and a coal mine. Many blast furnaces and steel works are now known as *Hüttenzechen* (mine-foundries). On the other hand, the great mining concern of Gelsenkirchen has taken over two large metallurgical works, the *Hachener Hüttenverein Rote Erde* and the *Schalker Gruben- und Hüttenverein*, which were already a combine.

During a crisis the task of the syndicates is to prevent prices from falling in sympathy with the demand, or at least to the same extent. They keep up prices on paper without regard to the diminution of demand. At first the producer is delighted. The prices remain at the old figure, but the demand leaves them severely alone. They are pure window-dressing, and, being fictitious, only prolong the crisis. If they were lowered they would stimulate demand, and therefore the creation of new concerns by those who have available capital and want to take advantage of the prevailing cheapness

* Raffalovich: *Le Marché Financier*, 1912–1913, p. 84.

to benefit as soon as the crisis was over. These fictitious prices delay such a solution. Herr Liefmann says that the loudest complaint of syndicates and their high prices are heard in times of industrial depression.

But even a syndicate cannot resist the competition of rivals, which, under no necessity to prop up feebler members and producing cheaply, demonstrate to the consumer the advantage of an open market.

On June 4th, 1908, the Rhenish-Westphalian Syndicate was compelled to begin limiting the output of coke. The diminution finally reached forty per cent. of the original output. In March the output of coal had similarly to be restricted.

Syndicates cannot maintain stability of prices and sometimes they are the cause of their fluctuations.

The dissolution of several syndicates on January 1st, 1909, was followed by a very sharp struggle. In August, 1909, the great mixed works reduced to 46–48 marks the price of Thomas steel, which stood at 75–76 marks at the beginning of 1908. In 1909, after the dissolution of the Silesian cement groups, there was a violent conflict in Central Germany between them and the outsiders. The Rhenish-Westphalian Syndicate lowered the selling price from 400 marks to 265.* On January 22nd, 1913, they raised the price of coal from 27 pfennigs to one mark for coke, and that of briquettes to one mark. They explained the rise by saying that owing to new conditions in the metallurgical industry, wages and working expenses in the coal industry had increased. On October 14th they announced a further rise in prices for 1913–1914. There was a general outcry that the syndicate was acting in defiance of public interest and was solely prompted by considerations of profits and dividends for shareholders.

The Prussian Treasury grew nervous and repudiated their arrangement with the syndicate.

The Prussian State was in a quandary. Their cost of production was higher than that of private firms. They wanted high prices, but feared the revolt of the consumers. Of course they wanted their works to earn profits. The Treasury was not a member of the syndicate, but they had empowered the syndicate to sell all the output which Prussia and the Empire could not take.

The *Frankfort Gazette* denounced this arrangement as a surrender on the part of the Prussian State.

* Raffalovich, 1912.

The renewal of the Steel Syndicate (*Stahlwerksverband*) for a period of five years took place in 1912, and the agreement was only signed at three o'clock in the morning of the 1st of May. Three new works producing Thomas steel claimed their share in the "A" products (half-wrought, railway material and wrought iron). The Deutsch-Luxemburg claimed a monopoly in the girders of the Grey system, of which it had the patent. An allotment was made to twenty-five members. "B" products (bar iron, wire rods, sheet iron, tubes, cast and forged iron) had to be left out of the syndicate's programme. The concerns employed in the manufacture of Martin steel pay for their raw material at the rates fixed for "A" products and try to obtain it from concerns outside the syndicate. The mixed works, on the other hand, have been supported by the syndicate.

The coal which the mines took for their foundries contributed nothing towards the common expenses and formed no part of their quota. These concerns have had to pay a larger share of the joint expenses, but they limit the market for the ordinary mines as they provide their own consumers.

There was also some difficulty over the renewal of the Coal Syndicate. A notice of the 11th of January announced that it would be dissolved that year.

One of the greatest weapons of the syndicates is the practice of "dumping," that is, selling to the foreigner at a lower price than to their own nationals. Rotterdam owes much of its industrial prosperity to this practice of dumping. The Rotterdam works import their sheet-iron cheaply, and work it up into boilers and lighters, which they export to Germany.

The German Wire Nail Makers' Association (*Drahstiftverband*) lost £43,750 on its foreign sales in the second half-year of 1900, but made a total profit of £57,000, thanks to its home trade.

The Rhenish-Westphalian Syndicate has been charged with selling fifteen per cent. cheaper abroad than in Germany, and reference has been made to its sales to the Paris–Lyon–Méditerranée Railway, f.o.b. Rotterdam at eight shillings a metric ton, equivalent to six shillings at the pit-head. It thus appears that the syndicates favour foreign industries at the expense of German industries which need iron, steel and other finished and half-finished products.

To soothe the agitation of the manufacturers who use their products the syndicates give them export bounties (*Ausführvergütungen*). They pay them an indemnity for the quantity of syndicate

products they employ for their exported goods. Since 1902 the Coke and Coal Syndicate and the Steel Syndicate have maintained a central office at Düsseldorf which has laid down uniform regulations for the granting of these export bounties. When the bounties were granted to all manufacturers, the syndicates merely raised up rivals to themselves in foreign markets. To-day the bounties are given to the syndicates only; but it is the foreigner who profits by them as against the sellers of unfinished products. Yet they themselves supply them!

From the 15th of December, 1909, to the end of March, 1910, the Rhenish-Westphalian Syndicate gave a bonus of one and a half marks per ton of the Syndicate's coal employed in the manufacture of finished products for export. After that date the premium was reduced to one mark, and the concession could be withdrawn at any time on eight days' notice. The arrangement was terminated at the end of 1911.

Shipbuilding material is exempt from duty in Germany. Herr Reumer, a National Liberal, whom Herr Singer has called the Cartel King, addressing a commission of inquiry in 1903, said:

"Our sheet-iron industry must enter into competition with England for the delivery of materials for German construction. But we cannot get orders without quoting lower prices for our products than those of the English products, that is, unless sacrifices are made. It is the syndicate which makes these sacrifices."*

The great system of national economy has produced the ironical result that instead of "protecting the national industries," the syndicate gives work to the foreign workman. List's economic policy makes German industry serve the interests of the foreigner and gives him presents.

But at the same time the German system of export bounties is intended to annihilate the industries of other nations.

Herr Liefmann also mentions concerns which are not engaged in economic activities, but whose sole function is to control other concerns by virtue of a governing interest in their shares.

"Some of these concerns aim at establishing a monopoly: they desire to concentrate the entire organization and management of some particular industry in their own hands by acquiring a controlling interest. The oldest of this species of concern is the Nobel Dynamite Trust Company, Limited, which was, it is true, originally an English company, formed in London in 1886 as an English 'trust,' but which is none the less substantially a German concern,†

* Quoted in *Trusts et Cartels*, by Raffalovich, p. 314.

† See also the *Journal des Économistes*, August, 1914, p. 253.

there being only one branch, a dynamite factory, in England. This company owns the shares of all its branches, though to the outside world these offshoots look like independent concerns with their own dividends. In reality, however, the dividends are held for the trust and all the branches are under common management."

The first controlling company, formed in 1901, was the Rice Trade Association, which comprises all the German rice mills. The most important is the European Petroleum Combine, which has finally acquired an imperial monopoly, exercised by a private company under State control and accountable for its profits to the State.

"It has been said," M. Raffalovich remarks,* "that the Deutsche Bank, which has great interests in oil and which had made an unprofitable agreement with the Standard Oil Company and wanted to get rid of it, urged on the formation of the combine. Others have spoken of its keen competition with another financial group (the *Disconto Gesellschaft*)."

The great electrical concerns of the *Allgemeine Elektrizitäts-Gesellschaft* and *Siemens und Halske* are connected up by amalgamation or participation with a host of concerns occupied in any and every branch of the electrical industry. The large companies have their offshoots whose exclusive function is to acquire a controlling interest by purchasing the shares of local electricity works.

In Germany, most of the industries, so far from leading the banks, are led by them. German professors call this situation the reign of capital. The expansion of industry does not correspond to any increase of demand but to the amount of capital which the banks have at their disposal seeking investment in any branch of industry which offers a prospect of profit. In the inquiry on syndicates undertaken by the Society of Social Policy (*Verein für Sozial-politik*), Professor Wagner called attention to this change in the character of German industry. Control and management tend to pass from the hands of the technical expert to those of the financier pure and simple, and the financier is always favourable to the formation of syndicates, because he sees in the syndicates some guarantee of industrial stability and security for his capital. Herr Liefmann frankly confesses:

"The prevention of competition between those engaged in the same profession or industry has been in no way conducive to economic peace; but a struggle, far keener than the ordinary fight for customers, has now broken out in many industries, a fight *against* customers, especially those engaged in working up raw material, and the retailers."

* *Le Marché Financier*, 1912–13, p. 81.

In short, the syndicates are a monopolistic organization of the large-scale producers directed against the manufacturers, who are dependent upon them for their material, and all the consumers. The manufacturers, who must have an unending supply of raw material, are sacrificed to the small group of industrial magnates who purposely withhold that supply. Their employees are sacrificed with them. Thus the industrial organization of Germany is oligarchical. The great magnates of the Rhine districts are favoured like the Junkers of the East.

The syndicates cannot keep prices steady and not infrequently contribute to their fluctuation.

By their policy of " dumping " they raise up foreign competition abroad against their own nationals, while their policy of aggressive protection against foreigners helps to injure foreign industries.

They set out to replace economic competition between producers, a benefit to the consumer, by the establishment of monopolies to the detriment of the consumer.

Thus, whilst in a free market sale price always tends to approximate to cost price, they try to maintain sale price at any figure they please by treating the consumer as of no account.

CHAPTER VII

COAL-MINING. THE METALLURGICAL AND CHEMICAL INDUSTRIES IN GERMANY

Comparative figures of coal production—The reserves of coal—The production and consumption of iron—Some comparative figures—Exports—Realization of stocks—Pig iron and steel as raw material—The chemical industry—The distribution of coal among the various industries.

SYNDICATES have not brought economic peace, as Herr Robert Liefmann frankly confesses.

Nevertheless, the Germans are never tired of chanting the industrial expansion of Germany, forgetful, doubtless of set purpose, that the development of the United States has been even more remarkable, and that other nations have also made progress, the United Kingdom* among them.

These are the figures for coal-mining (not including lignite) in the three countries :

	1901–1905.	1906–1910.	1911.	1912.
	(In millions of tons [English].)			
Germany	113.1	142.5	156	172
United Kingdom	229	261.7	271.8	260.4
United States	302.9	405.8	443.2	477.2

Germany's increase of production is thus 52 per cent., but that of the United States is 58 per cent. The actual increase is 59 million tons for Germany and 175 million tons for the United States.

In 1912 there was a falling-off in the coal production of the United Kingdom owing to the coal strike; but in spite of that the British output exceeded that of Germany by 88 million tons. In 1913 the British output went up to 287,400,000 tons, and that of Germany 191,500,000 tons, so that the difference was 96 million tons.

* *Le Marché Financier* (Annual), by A. Raffalovich. *Statistisches Jahrbuch für das Deutsche Reich* (Berlin). The Diplomatic and Consular Reports and the British Blue Books.

The figures of imports and exports of coal for the three countries in 1911 and 1912 are as follows:

	1911		1912		Excess of Exports in
	Imports.	Exports.	Imports.	Exports.	1912.
	(Million tons.)				
Germany	11.9	36.6	11.3	42.6	31.3
United Kingdom	—	87	—	85.8	85.8
United States	1.3	25.6	1.8	26.8	25

The consumption of coal has been:

	1901–1906.	1906–1910.	1911.	1912.
		(In million tons.)		
Germany	99.7	126.5	131.3	140.7
United Kingdom	166	178.2	184.8	174.8
United States	295.5	394.2	425.6	459.5
	Per head of population (in tons).			
Germany	1.69	2	2	2.12
United Kingdom	3.93	4.04	4.08	3.83
United States	3.67	4.43	4.54	4.82

Thus the consumption per head of population in Germany falls considerably short of that in Great Britain and the United States.

The value per ton at the pit-head for Germany and Great Britain has been:

	1901–1905.	1906–1910.	1911.	1912.
	s. d.	s. d.	s. d.	s. d.
United Kingdom	7 10½	8 3¾	8 1¾	9 0¾
Germany	8 9½	10 0¼	9 11	10 6¼

Nasse, having said that the coal reserves of Great Britain would not be exhausted for six hundred and sixty-eight years, has not been deemed worthy of attention by the Germans. Thomson, however, gives them a limit of one hundred and fifty years, and Forster Brown's estimate is only sixty years. This last figure is all the more satisfactory to the Germans, because their own reserves will not be exhausted before a thousand years in the Ruhr district, eight hundred and seventy years in Saxony and five hundred and seventy-five years

in Upper Silesia. These are the calculations of the same Nasse who is regarded this time as an authority on the question.

Thus Great Britain will run short of coal long before Germany, and fall into a position of inferiority. All Germany must do is to trust to time. Unfortunately Germany is impatient.

In another estimate I find the following figures, which are not in entire agreement with those given above for 1911 and 1912. They illustrate the progress made in the production of coal and iron ore in Germany. These are the relevant figures* :

MINING OUTPUT.

	Coal.	*Value.*	*Iron ore.*	*Value.*
	(Millions of tons [metric].)		(Millions of tons [metric].)	
1892	71.4	£25,800,000	11.5	£2,020,000
1900	109.3	£47,400,000	18.9	£3,810,000
1905	121.3	£51,500,000	23.4	£4,020,000
1910	152.8	£74,800,000	28.7	£5,250,000
1911	160.7	£77,100,000	20.9	£5,675,000
1912	174.9	—	26.2	£5,679,000
1913	191.5	—	—	—

The production, imports and exports (including, since 1907, those of coal and briquettes, expressed as coal), and the consumption of coal, show the following figures :

	Production.	Percentage + or − on previous year.	Imports.	Percentage + or − on previous year.	Exports.	Percentage + or − on previous year.	Home consumption.	Percentage + or − on previous year.
			(In millions of tons [metric].)					
1904	120.8	+ 3.5	7.3	+ 7.8	18	+ 3.5	110.1	+ 3.7
1905	121.3	+ .4	9.4	+28.8	18.1	+ 1	112.5	+ 2.2
1906	137.1	+13	9.2	+ 1.7	19.5	+ 7.69	126.8	+12.6
1907	143.2	+ 4.4	14.5		25.7		132	
1908	147.7	+ 3.1	12.5	−14.1	26.7	+ 4	133.4	+ 1
1909	148.8	+ .7	13.1	+ 5.3	28.8	+ 7.7	133.1	− .2
1910	152.8	+ 2.7	12.1	− 8	30.9	+ 7.3	134	+ .6
1911	160.7	+ 5.2	11.8	− 2	35	+13.2	137.4	+ 2.5
1912	177	+10.1	11.2	− 4.9	40.6	+15.8	147.7	+ 7.4
1913	191.5	+ 8.1	11.3	+ 1.2	44.9	+10.6	157.9	+ 6.9

Between 1904 and 1913 the output of coal increased by 57 per cent. and the consumption by 46 per cent.

* For the purpose of this table 1 mark=11¾d.

The output and consumption of iron in the *Zollverein* have increased as follows :

	Output of pig iron. (Millions of metric tons.)*	Per head. (Kilogrammes.)	Consumption of iron expressed as pig iron. (Millions of metric tons.)	Per head. (Kilogrammes.)
1866–1869	1.2	32.7	1.2	33
1879	2.2	50.5	1.5	35.1
1890	4.6	97.1	3.9	81.7
1900	8.5	151.4	7.4	131.1
1901	7.8	138	5.1	89.4
1902	8.5	147	4.4	76
1903	10	171.4	5.7	97.9
1904	10.1	169.2	6.7	112.2
1907	13	209.8	9	145.12
1908	11.8	187.6	7.3	115.97
1912	17.9	268.52	10.3	155.54

Thus the increase of output is far more marked than that of consumption.

I now give the figures for the output of pig-iron in Germany, the United Kingdom and the United States during the period 1908–1912† :

	Germany.	United Kingdom.	United States.	The world's output.
		(In millions of tons [metric].)		
1908	11.8	9.2	16.2	48.8
1909	12.6	9.7	26.2	60.6
1910	14.8	10.5	27.7	66.4
1911	15.6	—	24	65
1912	17.9	9.7	30.2	75
1913	19.3	—	—	—

Since 1903 Germany has taken the second place among the countries producing pig-iron. In 1912 her proportion of the world's output rose to 23 per cent.

* 1 metric ton=2,204 lbs. ; 1 kilogramme=2⅕ lbs.

† *Circulaire du Comité des Houillères*, No. 4,856, December 22nd, 1913.

Below are the figures for the iron exports from the *Zollverein :*

	Pig-iron of all kinds.	Wrought iron and steel.	Addition of 33⅓ per cent. to the figures in the preceding column to arrive at the quantities expressed as pig-iron.	Totals
		(In thousand tons [metric].)		
1866–1869	62.6	94.4	31.4	188.6
1879	433.1	625.4	208.5	1,267
1890	181.8	864.1	288	1,334
1900	190.5	1,589	529.7	2,309
1901	303.8	2,250.1	750	3,304
1902	516.9	3,011.6	1,003.8	4,532.9
1903	527.8	3,202	1,067.3	4,797
1904	316.2	2,721	907	3,944.3
1907	385.7	3,529	1,176	5,092
1908	421.5	3,711	1,237.2	5,370
1910	934	4,369	1,456.4	6,759
1911	1,003.6	4,890	1,630	7,523
1912	1,217.9	5,391	1,797	8,406

According to a work of Doctor Gluckauf, the following table shows the changes in the relation between the exports of iron from the *Zollverein* and the total output of pig-iron :

	Percentage.		Percentage.
1868–1869	15.59	1904	39.12
1879	56.9	1907	40.72
1890	34.59	1908	39.03
1900	27.1	1910	45.7
1901	41.93	1911	48.29
1902	53.14	1912	47.04
1903	39.04		

The 1902 figures show that the exports are sometimes the realization of stocks. In the period 1910–1912 the amount exported was nearly half the total output.

Now, as Sir Hugh Bell has shown in a remarkable study, pig-iron and steel are raw materials. Mere output is less important than to make full use of them for machinery, tubes, shipbuilding and other construction.*

* *The Iron and Steel Industry in Great Britain*, by Sir Hugh Bell, *Journal des Économistes*, January, 1911.

Coal-Mining. Metallurgical and Chemical Industries

After coal-mining and the metallurgical industry comes the German chemical industry. There are two enormous chemical works. *Bayer* at Leverkusen and the *Badische Anilin und Soda Fabrik*, which was founded in 1865 to exploit the properties of fuscine, discovered in 1860 by Verguin, a chemist of Lyons, but which the French did not know how to turn to commercial uses.

Germany cannot complain that foreigners refuse her exports. About 1820 the French Government adopted red trousers for the infantry in order to encourage the madder industry. Then that colour was replaced by alizarine, which is made by the *Badische Anilin Fabrik*, and the War Department has permitted no change since.

Out of a total production of sixteen million pounds' worth of dye-stuffs by the great works, export accounts for three-quarters.

One of the five leading dye companies, the *Aktien Gesellschaft für Anilin Fabrikation* of Berlin, has taken up on an immense scale the manufacture of cinematograph films. This firm bought from two chemists of Paris, MM. Clément and Rivière, a process for replacing nitro-cellulose or celluloid by acetate of cellulose, which is less inflammable. The invention had not been taken up in France, but now the municipal regulations make the substitution compulsory for cinematograph work.

The spinning and weaving industries are in a backward condition.

Germany claims to have a monopoly in the manufacture of musical instruments, her exports being of the annual value of £4,000,000.

She also has an export trade in toys and trinkets.

M. V. Cambon says* :

"German industry owes its triumphs to causes other than perfection of workmanship. The dominant factors in its favour are cheapness, the close attention paid to the customer's craving for variety and novelty, and especially unparalleled and ubiquitous advertisement."

The distribution in 1910 and 1911 of the coal output of the Rhenish-Westphalian Syndicate among the various classes of

* *Les Derniers Progrès de l'Allemagne*, by V. Cambon (1914) (published by P. Roger), p. 196.

consumers will throw light on the relative importance of the different industries.*

Coke and briquettes expressed as coal.

	1910.		1911.	
	Tons (Metric),	Per-centage.	Tons.	Per-centage.
1. Coal-mining and production of coke and briquettes	4,722,249	7.48	4,860,173	7.09
2. Metal mines and the preparation of ores	305,692	.46	282,285	.41
3. Salt mines and works	277,472	.42	333,474	.49
4. Metallurgical works of every kind except siderurgical 5. Siderurgical works (production of iron and steel, rolling-mills, foundries) 6. Metal working (except iron and steel) 7. Iron and steel working 8. Machinery	27,931,992	42.45	28,249,869	41.22
9. Electrical industries	958,995	1.46	1,070,744	1.56
10. Stone and earthenware industries (bricks, earthenware and pottery)	2,835,517	4.31	3,233,271	4.72
11. Glass industry	482,589	.73	521,098	.76
12. Chemical industry	1,979,358	3.01	2,022,015	2.95
13. Gas-works	2,141,370	3.26	2,274,514	3.32
14. Textile clothing and cleaning industries	2,012,116	3.06	2,000,325	2.92
15. The paper industry and polygraphic business	684,130	1.04	901,499	1.32
16. Leather, rubber, etc., industries	242,814	.37	249,456	.36
17. The wood industry and carved work	97,395	.15	91,548	.13
18. Beet-sugar industry, sugar refineries and the making of syrup	405,091	.61	375,911	.55
19. Brewing and distilling	701,697	1.07	734,690	1.07
20. Industries producing other foodstuffs	654,629	1.00	646,512	.94
21. Works pruducing materials for water-supplies, baths and wash-houses	307,166	.47	319,748	.47
22. Commercial and domestic heating	8,693,514	13.22	8,789,934	12.83
23. Railway and tramway construction and working	6,996,767	10.64	7,926,096	11.57
24. Inland navigation, coasting traffic, deep-sea fisheries, harbour and pilotage services	2,772,867	4.21	2,924,345	4.27
25. Navy	579,863	.88	718,609	1.05
TOTALS	65,783,280	100	68,526,115	100

* *Circulaire du Comité des Houillères*, No. 4,644, January 21st, 1913.

CHAPTER VIII

ANGLO-GERMAN TRADE

The syndicates are the great export-machines—British and German trade from 1904 to 1913—Anglo-German trade—The German figures—The difference between *f.o.b.* and *c.i.f.* prices—The British figures—The discrepancies—German exports always higher—Special lines of trading—Class I., foodstuffs—Class II., raw materials—Class III., manufactured articles—Class IV., miscellaneous—Totals—British re-exports—British exports into Germany and the German tariff.

HERR FRITZ DIEPENHORS remarked in a recent article,* in which he lauded Germany's economic superiority over Great Britain:

"Germany's conquest of foreign markets must certainly be ascribed mainly to the syndicates. It is due to open or secret export bounties that the members of the syndicates were able, especially in periods of depression, to maintain themselves as serious competitors in foreign markets. With that assistance prices are kept at a level which barely covers the lowest cost of production."

He correctly states the conditions precedent to the establishment of syndicates, "a rigidly protectionist system as regards customs and tariffs, low freights and the existence of products of the soil in which a monopoly may be established."

"The Englishman, who regards Free Trade as a *sine qua non*, is compelled to resist to the best of his ability all such attempts at combination as are permitted in Germany. The syndicate imposes on its members a certain renunciation of independence, a thing contrary to English tradition. He (the Englishman) refuses to submit to the subordination of individuality which follows monopolistic organization, forgetting that such an organization is only an abstraction for capitalistic organizations."

So the English, with their Free-Trade system, are shut out from the blessings of a régime of syndicates, a grave cause of weakness to them, in Herr Diepenhors' view. He goes on to make an enthusiastic comparison between the economic development of Germany and that

* *La Concurrence Anglo-Allemande* (*Revue Économique Internationale*, May 15th, 1914).

of Great Britain, in which the superiority of the former is clearly demonstrated.

The following tables show the movements of British and German trade from 1904:

British Trade.

	Imports* retained in the United Kingdom.	Exports.	Total.
		(Million £.)	
1904	480.7	300.7	781.4
1912	632.9	487.2	1,120.1
1913	659.1	525.2	1,184.3

Between 1904 and 1913 the increase was actually £403,000,000, or 51.8 per cent.

German Trade.

	Imports.	Exports.	Total.
	(Million marks.)		
1904	6,821	5,315	12,136
1912	10,691	8,956	19,647
1913	10,770	10,098	20,868

Between 1904 and 1913 the increase of German trade was £428,000,000 (8,700,000,000 marks), or 69 per cent. Thus British trade still stands at a higher figure, but the difference is not great, particularly in 1913.

We will now examine the figures for trade between the United Kingdom and Germany.

Below are the figures from the German customs returns:

	Imports from the United Kingdom.	Exports to the United Kingdom.
	In million marks.	
1901	552.7	906.7
1902	557.3	958.2
1903	594	982.2
1910	766.6	1,102
1911	808.8	1,139.7
1912	842.6	1,161.1
1913	876.1	1,438.2

British exports into Germany have thus increased by 54 per cent. between 1901 and 1912, and in 1913 the advance was 58 per cent. In the first period German exports to the United Kingdom increased by 28 per cent., but in 1913 the advance was 58 per cent. Up to 1912, therefore, as these German figures show, the increase of

* Less re-exports.

German exports to the United Kingdom was much less than that of British exports to Germany.

The export figures are calculated at *f.o.b.* prices—that is to say, "free on board," while the import figures are calculated at *c.i.f.* prices—*i.e.*, "cost, insurance, freight."

Consequently, the German customs authorities arrive at a figure for exports to Great Britain lower than that estimated by the British customs themselves and, conversely, a higher figure for imports from Great Britain. I now give a table from the British customs returns. It covers imports retained for consumption in the United Kingdom:

	German exports to the United Kingdom.	British exports to Germany.
1901	£32,207,000	£23,573,000
1902	£33,633,000	£22,850,000
1903	£34,533,000	£23,550,000
1910	£58,105,000	£37,020,000
1911	£61,277,000	£39,283,000
1912	£65,841,000	£40,362,000
1913	£76,183,000	£40,677,000

According to these figures German exports to England have advanced, as compared with 1901, by 105 per cent. in 1912 and 137 per cent. in 1913. British exports to Germany have advanced, in 1912 by 70 per cent. and in 1913 by 72 per cent. The discrepancies, which are obvious, are due to (1) the difference between *f.o.b.* prices and *c.i.f.* prices; (2) the carelessness displayed by the customs officials in calculating the value of goods leaving the country. One fact, however, is clear. In 1901 and 1902, as in 1912 and 1913, Germany sold more to England than she bought from England.

On an analysis of German exports to the United Kingdom and British exports to Germany, based on the British figures, we find the following results for the years 1909–1913:

Class I.—Articles of food and drink, and tobacco.

	Imports from Germany. (Million £.) Total.	Retained for home consumption.	Exports to Germany. (Million £.)
1909	13	12.9	2.9
1910	11.7	11.6	3
1911	13.2	13	3.9
1912	11	10.9	4
1913	16.4	16.3	4

Of these figures, in 1913 £102,000 represented tobacco. Refined sugar accounted for £6,161,000 and unrefined sugar for £4,733,000, or a total of £10,894,000, equivalent to 66 per cent. of the total.

In the figure of British exports herrings accounted for £2,818,000, or 70 per cent. of the total.

Class II.—Raw materials.

		(Million £.)	
1909.....	4.8	4.6	6.6
1910.....	5.9	5.8	7
1911.....	5.1	4.9	6.8
1912.....	6.6	6.3	7.2
1913.....	7.1	6.8	8.4

Of the £8,400,000 exports into Germany, £5,346,000, or 63 per cent., represented coal. English coal has even made its way to Frankfort, to fight the Syndicate on its own ground.

Class III.—Manufactured articles.

		(Million £.)	
1909.....	39.4	36.5	21.9
1910.....	43.6	40.1	26
1911.....	46.4	42.6	27.6
1912.....	51.7	56.1	28
1913.....	56.1	52.3	27

The imports from Germany are very miscellaneous. Chemical products of all kinds account for a smaller proportion than might be expected. In 1913 they were valued at £1,135,000, of which £1,098,000 worth were retained for consumption in the British Isles. To this must be added £156,700 for saltpetre, £441,400 for potash, and £102,000 for soda.

The dyes extracted from coal which Germany sent to England in 1913 were valued at £1,730,000, of which £1,717,000 worth was for British consumption. Electrical machinery and parts accounted for £721,000, £699,000 being the value of that retained for home consumption. £1,546,000 represented machinery of all kinds, of which machinery to the value of £1,468,000 remained in the country.

The outstanding German export was steel: ingots, billets, tinplates. For this heading the figure is £3,055,000, all consumed at home. Iron and steel of other kinds, £4,177,000; retained for home consumption, £4,136,000. Of musical instruments, pianos account for £700,000,

£671,000 retained. Other instruments £45,600, £40,000 retained. Parts £156,000, £144,000 retained. Total, £901,600.

Silk and silk-wares account for £1,758,000, of which £1,665,000 represents the amount retained. Ribbons £493,000, £455,000 retained.

In spite of the tariff, the British exported to Germany in 1913 cotton thread to the value of £5,141,000, cotton stuffs to the value of £1,800,000, and other kinds of cotton goods to the value of £633,000.

British exports to Germany of combed wool, woollens, cloth, etc., amounted to £8,147,000.

Class IV.—Miscellaneous.

	Postal packages and other articles.		
1909	£521,000	£518,000	£794,500
1910	£560,000	£556,000	£945,300
1911	£567,500	£565,000	£958,300
1912	£694,100	£692,000	£1,059,700
1913	£700,500	£699,000	£1,255,900

		General Total. (In million £.)	
1909	57.8	54.6	32.2
1910	61.8	58.1	37
1911	65.3	61.2	39.3
1912	70	65.8	40.4
1913	80.4	76.2	40.7

England continues to send Germany goods she gets from abroad or her colonies

	Foodstuffs.	Raw materials.	Manufactured articles.	Total including miscellaneous articles.	General total.
			(In million £.)		
1909	1.8	10.7	2.3	14.9	47.2
1910	1.8	13	3	17.9	54.9
1911	1.9	13	3.1	18.1	57.4
1912	2.2	14	2.9	19.2	59.6
1913	2.5	14.1	3.2	19.8	60.5

Among the exports of raw materials for 1913 appears the figure of £4,100,000 for wool, some of which came from Australia and New Zealand. This is a great source of annoyance to Germany.

The Germans show typical ingratitude when they complain of their commercial relations with the United Kingdom, which is amongst their best customers and sources of supply.

A *Diplomatic and Consular Report* gives an analysis of British exports to Germany. The German customs tariff is divided into 946 groups, subdivided into 2,009 headings. In 1912 British exports into Germany to the value of £41,300,000 fell under 1,400 headings. The British Report* classifies the German tariff in four categories :

" (1) Under customs rates which have not been altered by any bargaining by third parties (autonomous rates) ; (2) or under customs rates reduced as the result of commercial treaties with third parties (treaty rates). If they are imported free of duty, the immunity may (3) be due to the fact that the autonomous tariff provides no customs duties ; (4) or due to the fact that whatever duty rates had existed were abolished as the result of negotiations with third parties.

" Both (1) and (3) represent autonomous rates ; both (2) and (4) represent treaty rates."

If the value of British exports into Germany in 1912 be distributed among these four categories, we find :

Groups.	Articles.	Value. (Millions of marks.)	Per cent. of total value.
I.	680	324	38.43
II.	370	155	18.39
III.	290	344	40.81
IV.	60	20	2.37
TOTAL	1,400	843	100

It therefore appears that British exports in groups (1) and (3) represent £32,700,000, or 79.24 per cent. ; those in groups (2) and (4) represent £8,600,000, or 20.76 per cent. Therefore four-fifths of British exports to Germany come under the autonomous rates ; 40.8 per cent. enter free in the third group, which declares certain articles enumerated therein duty-free, namely, cotton, wool, coal, oil-cake, bran, old paper, crude metals and ships.

The 680 articles in the first group, representing a value of £16,000,000, or 38.43 per cent. of the total, pay duty. But what duty ? The duty which Germany has thought sufficient to protect herself :

* Annual Series : *Diplomatic and Consular Reports*, No. 5,404, 1914, Germany.

autonomous duties. How can Germany, then, complain that Great Britain compelled her to lower her tariffs, when she imposed these tariffs to suit her own convenience and not as the result of a bargain ?

It is plain that Anglo-German trade rivalry has not been due to any reduction of tariffs extorted from Germany since she has made no such reductions even to third parties. She has fixed them at the figure that suited her.

It is true that while Hamburg received from the Rhenish-Westphalian Syndicate 3,718,000 tons of coal, no less than 21,949,000 tons were received from the United Kingdom. It is certainly a humiliation for the mines of the Ruhr, but in itself that is hardly a sufficient ground for national hatred against Great Britain.

CHAPTER IX

MARITIME RIVALRY

Palmerston and the German navy—Ships without ports—"*Kolossal*"—The great German steamship lines—The British and German fleets—Naval construction—The share of the German mercantile marine in maritime traffic—"Tramps" disregarded by the Germans—Prestige as a motive for maritime enterprise—Export bounties and subsidies—Charges against Great Britain—The German Empire and the "Freedom of the Seas."

ALTHOUGH Germany cannot compete with Lancashire for her cotton-thread, or her spinning and weaving machinery, those industries are not responsible for the morbid jealousy which animates her statesmen and many of her industrials. The true cause is the British mercantile marine.

They have never forgiven Palmerston for his remark in 1861 that the Germans could plough the soil, fly in the clouds and build castles in the air, but would never learn to venture on the seas.

They repeat that sally so often and in such a way that we might almost think that they launched the *Imperator* and *Vaterland* merely in reply to it.

The *Imperator* is 689 feet long, has a beam of 98 feet and draws 36 feet of water. Her tonnage is 55,000 and her horse-power 65,000. The *Vaterland's* dimensions are: Tonnage, 60,000; length over all, 905 feet; draught, 63 feet; horse-power, 70,000.

In their hurry to produce something really "*Kolossal*" to overshadow the *Olympic*, the Germans built these ships before there were ports to receive them. The Elbe is not deep enough and the existing depth is sometimes affected to the extent of three feet by the wind. The *Imperator* was put into service before Cuxhaven was ready for her, so that she had to moor outside. But the English had no ship as big and that was the main thing!

Germany has two steamship companies which have larger fleets than any other in the world. At the beginning of 1913 the *Hamburg-Amerika* Line possessed tonnage to the figure of 1,307,000. The

North German Lloyd had a fleet of 821,000 tons. Of the great English companies, the *Ellerman Line* had only 563,000 tons, the *British India Steam Company* 553,000, the *Peninsular and Oriental* 539,000. No other had as much as 500,000. True, there are more of them.* But how has Great Britain injured the German companies ?

The rift in the lute was that in 1913 Great Britain had a fleet of 12,602 steamers representing 11,273,000 tons, and 8,336 sailing ships, with a tonnage of 846,000, a total of 20,938 vessels and 12,119,000 tons. On January 1st, 1914, Germany had only 2,170 steamers, with a tonnage of 2,832,000, and, sailing ships included, 4,935 vessels, with a total tonnage of 3,320,000.

According to Lloyd's the world's shipbuilding for 1914 amounted to 2,852,000 tons, or only 48,000 tons less than in 1913. Of that figure the share of the United Kingdom was 59 per cent., of which a tonnage of 1,288,600 was kept. If only ships of more than 3,000 tons are reckoned the share of the United Kingdom was 64 per cent.

Before the commencement of hostilities Germany had launched 387,200 tons, or 78,000 tons less than in 1913.

The Germans, however, have encouraged shipbuilding by remitting all duties on the materials employed in that industry.

As regards the movements of traffic in German ports, foreign shipping represents 62,265,000 tons and German shipping 29,000,000. In view of the fact that many German lines are subsidized, that foreign preponderance of 45 per cent. proves that German shipping does not meet the transport necessities of the country. This it is which Germans cannot forgive Great Britain.

The Germans care little about " tramps." These wayward vessels which pass from one port to another, calling wherever there is a cargo to be picked up, are a shock to their maritime notions. In Great Britain, on the other hand, they form 60 per cent. of the mercantile marine. In 1909, it appeared from inquiries made by *The Economist*, that out of the 160 shipping companies interrogated, 73 possessed tramps only, of a tonnage of 2,500,000, and small private shipowners had tramps to the tonnage of 2,700,000.

The Germans prefer to concentrate on their great lines.

There is much that is purely artificial about their maritime activity. Their direct service between Hamburg and the Persian Gulf corresponds to no commercial necessity. Its aim is a political one.

* Georges Michon : *Les Grandes Compagnies Anglaises de Navigation*, 1913 (published by A. Rousseau).

Many of the lines to Chile, Colombia, the Republic of San Domingo, Siam, Morocco, the Philippines, Venezuela, Bolivia and Uruguay have been established mainly to display the German flag. The German object is prestige. Unfortunately prestige is expensive and cannot be turned to profit.

All consignments of less than 5,000 kilos and most consignments above are sent to the ports at special export rates. In 1900, for the Levant and East Africa the rates were fixed from every German town to the place of destination. These rates were at once export bounties and subsidies to the lines employed in the carriage of the goods. Every bill of lading contains a clause nullifying any special contract.

In spite of such efforts Great Britain retains her superiority. But in what way does she injure German shipping ? When German ships enter British ports they receive the same treatment as British ships. What have they to complain of ?

A jealous person never needs real reasons for inflaming his passion. He resorts to the fanciful. Such persons are the Germans. They allege that Great Britain can close the Channel to them and so they have been anxious to seize Calais. Then they say that Great Britain has made the seas her preserve, but they cannot produce a scrap of evidence to show that she has hindered the development of their own shipping in any way whatever. That development is itself an unanswerable refutation of the charge. Besides, one of their proudest boasts is that they have torn down Great Britain from her pre-eminent position because the expansion of their own shipping has been more rapid than hers. Looking at percentages, they are doubtless right. But, if so, why the Navy League and its inflammatory propaganda against Great Britain ? " In the name of the Freedom of the Seas ! " reply the professors, performing, as in the days of Frederick II., their function of justifying the actions of their rulers.

Has British naval supremacy impeded the growth of Norwegian shipping ? Do the Dutch fear that it will cut them off from their colonies in the East Indies ?

The day on which maritime supremacy passes to Germany will see the end of Holland as an independent country, and Norwegian shipping will feel itself no longer safe.

The German Empire cares no more for the " freedom of the seas " than for the freedom of the land. Her policy aims at world power, and as it is unrealizable so long as Great Britain bestows on her fleet

the attention it deserves, the Germans have concentrated against her all their ruinous and futile efforts.

The war broke out and Grand Admiral von Tirpitz has not dared to bring out his Dreadnoughts from their shelters behind Heligoland or in the Kiel Canal. His famous raid, to avenge the failure of Zeppelin attacks on open towns was not a success, and he is now driven to submarine attacks on merchant vessels.

On February 4th, 1915, Von Pohl, the Naval Chief of Staff, issued a notice to neutrals announcing that from February 18th the German Navy would destroy all hostile merchant ships. Why that date ? The new procedure had already been employed when German submarines were sent to torpedo ships off Havre and in St. George's Channel. The Germans had not hesitated to torpedo the *Amiral Ganteaume*, a vessel belonging to the *Chargeurs Réunis*, which was transporting Belgian refugees from Calais to Havre. They had also attempted to torpedo in the Channel a hospital ship, the *Asturias*. The new departure was the threat to sink neutral ships which might be found in the waters surrounding Great Britain and Ireland, the Channel included. It was a logical extension of German methods of warfare, which already included bomb-dropping from aircraft, incendiarism, and the wholesale shooting of old men, women and children. It can only be described as an exhibition of impotent rage.

The Kaiser does not " grasp the trident " and Germany's future does not " lie on the water."

CHAPTER X

FRANCO-GERMAN TRADE

Article 11 of the Treaty of Frankfort—The trade of France with her chief customers and sources of supply—French and German statistics—The chief imports of France—Coal, machinery, grain—French exports of raw materials—Foodstuffs and chemical products—The skin and fur trade—Seed for sowing—The textile industries—Jewellery—Toys—Motor-cars—Interruption of the normal expansion of Franco-German trade.

ARTICLE 11 of the Treaty of Frankfort bound "France and Germany to the system of reciprocal treatment on the footing of the most-favoured nation." The article limited this condition to six nations, England, Belgium, Holland, Switzerland, Austria and Russia. Germany has extended the most-favoured-nation clause to more than forty nations, including the Republic of San Marino and the Hawaiian Islands.

French protectionists were extremely indignant over these extensions, but I confess I have never been able to understand their attitude.

I will now take the figures of French trade for four years with the principal nations which supply and take her products, and endeavour to show Germany's share of the total. I am selecting the year 1903, because it is ten years before 1912, 1913 because the statistics for that year have just been published, and 1907 because there were some exceptional features in that year.

First I give a table showing French imports from her principal sources of supply:

	1903.	1907.	1912.	1913.
The United Kingdom	£22,000,000	£35,000,000	£41,500,000	£43,900,000
Germany	£17,600,000	£25,200,000	£39,560,000	£42,400,000
The United States	£21,400,000	£26,600,000	£35,200,000	£35,400,000
Belgium	£12,900,000	£16,900,000	£21,400,000	£22,000,000
Russia	£11,900,000	£10,700,000	£17,100,000	£18,140,000
The British Indies	£9,700,000	£14,250,000	£14,100,000	£15,370,000

At the same periods French exports to her principal customers were :

	1903.	1907.	1912.	1913.
The United Kingdom	£47,210,000	£54,260,000	£54,040,000	£56,740,000
Belgium	£25,000,000	£34,100,000	£45,220,000	£43,920,000
Germany	£20,320,000	£25,700,000	£32,580,000	£34,340,000
The United States	£10,060,000	£15,700,000	£17,140,000	£16,760,000
Switzerland	£9,540,000	£13,980,000	£16,140,000	£16,080,000
Italy	£6,900,000	£13,980,000	£11,980,000	£12,120,000

Thus French imports from Germany have increased by 140 per cent., while French exports to Germany have increased by 68 per cent. But British exports to France have advanced 99 per cent., while French exports to the United Kingdom have only advanced 14 per cent.

If we compare the figures of the French Customs with the figures of the German Customs, we arrive at the following figures for Franco-German trade at the four dates selected :

	1903.	1907.	1912.	1913.
		(Million marks.)		
Imports from France	306.2	453.6	552.2	584
Exports into France	253.2	449.1	689.4	790

According to these German figures, French exports to Germany between 1903 and 1913 advanced 90 per cent. instead of 60 per cent., and French imports from Germany 212 per cent. If we convert the marks into francs (1 mark = 1 franc 23 centimes) we find that the figure for German exports to France reached 847 million francs in 1912 and 972 million francs in 1913.

I have already given the two reasons why the figures of the importing country are always higher than the figures of the exporting country : (1) Exports do not interest the customs authorities, who are mainly concerned as revenue officials and do not search the luggage of the traveller on his departure ; (2) The customs authorities accept the value declared without verifying it, and this declared value is the price *f.o.b.*, while the value of imports is the price *c.i.f.*

What classes of imports have contributed most to the increase

shown in these figures? According to the French customs returns:

	1903.	1907.	1911.	1912.	1913.
		(Million francs.)			
Coal	40.2	83.9	118.3	150.3	165
Machinery and parts	32.9	76.7	131.9	132.9	132
Cereals (grain and flour)	2	—	52.1	25.7	87

Between 1903 and 1913 the increase in the imports of coal, machinery and cereals amounted to 311 million francs (£12,320,000), out of a total increase of 625 millions (£24,750,000), or 49 per cent.

Of these three headings of imports two were destined for industrial uses and the third for food.

France has sent the following raw materials to Germany:

	1903.	1907.	1911.	1912.	1913.
		(Million francs.)			
Wool and woollen waste	65.6	67.2	61.7	60.5	57.7
Cotton and cotton waste	23.5	32.7	57	59.7	51.6
Copper	4.4	10.2	13.1	13.5	15

As regards raw material, if Germany in 1913 sent France six million tons of coal to the value of £6,540,000, France sent Germany in the same period four million tons of ores, the value of which, however, was only £1,350,000.

Except in the case of ores, most of the raw material exported from France comes originally from other countries. These exports are due to arbitrage between different prices. They may represent the realization of stocks, or perhaps sales at a profit; but, whatever they are, the steady rise of the figures under this head shows that the French exporters find the trade profitable.

French imports of foodstuffs are concerned mainly with corn and potatoes, destined for animal as well as human consumption. French exports of foodstuffs are quite different, being articles of diet which are not indispensable, but the taste for which has grown with the increasing wealth of Germany.

	1903.	1907.	1911.	1912.	1913.
		(Million francs.)			
Table fruits	3.5	10.4	20.9	15	21
Wines	24.9	29.5	20.5	33.2	19.1

Detailed analysis of Franco-German trade returns reveal many

cases in which articles belonging to the same industrial categories appear both as exports and imports.

The chemical industry is the most prosperous in Germany which sends France her chemical products but at the same time receives chemical products from France.

Chemical Products.

	French imports from Germany.	French exports into Germany.
	(Million francs.)	
1903	24.3	10
1907	34.7	11.7
1911	58.5	31.7
1912	61.2	35
1913	86.7	39.9

Thus from 1903 to 1913 the increase for Germany has been 260 per cent. and for France 300 per cent. In spite of their potash mines and their wonderful chemical works, Germany has no monopoly of chemical products, since she imports some from France. It will be seen that of the total quantity of chemical products passing between France and Germany in 1913, France sold Germany 31 per cent. and Germany sold France 69 per cent.

Germany sends France prepared dyes to the value of 6,300,000 francs. The value of the French export of dyes to Germany is 1,600,000 francs.

The next table shows the movements of the skin and fur trade:

	Undressed skins and furs.		Dressed skins.		Skins and furs prepared and worked up into finished goods.	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.
			(Million francs.)			
1903	14.2	46.8	13.2	11.3	10.4	5.5
1907	12.4	43.4	13.4	11.3	15.5	12.5
1912	21.5	60.4	21.4	22.5	46.5	32.5
1913	23.6	75.5	20	22	45.6	32.4

Seeds for sowing are a national product. Of course the French are always being told of Germany's superior methods of agriculture. The beet growers have said that they could not do without German beet seeds even in war time. Nevertheless, the German demand for

French seeds is even greater, as they pay more for them than the French do for German seeds.

	1903.	1907.	1911.	1912.	1913.
			(Million francs.)		
French imports from Germany	2.4	4.9	7.7	7	7.6
French exports into Germany	11.5	9.4	22.9	13.3	17

The imports of certain classes of manufactured goods show no advance, or a very slight one. Textile wares for example:

	1903.	1907.	1911.	1912.	1913.
			(Million francs.)		
Thread	4.2	3.6	5	4.8	4.2
Linen, hempen goods	.9	1.5	2.3	2.2	2.3
Cotton goods	20.5	31.1	28.1	28.2	26.2
Woollens	12.5	11.6	8.6	8.8	8.8
Silk and floss silk	13.8	16.9	12.6	13.4	12.8

Thus the imports of German textile products have remained stationary.

The next table shows French exports to Germany:

	1903.	1907.	1911.	1912.	1913.
			(Million francs.)		
Thread	10.1	22.9	17	18.5	23.6
Cotton goods	5.2	12.7	9.8	12.3	10.5
Woollens	8.2	6.1	5.3	5.6	7.2
Silk and floss silk	19.2	9.7	10.6	10	9.8

During the three years 1911–1913 the average annual value of the French import of thread was £178,000, and that of the export, £752,000. The Germans send France more cottons and woollens than they receive from her.

At first sight the figures relating to silk seem to show that the average annual value of the French import of German silk in the years 1911–1913 was £534,000, while that of the French export was only £396,000. But to this last figure must be added the value of silk goods sent by post:

1903.	1907.	1911.	1912.	1913.
		(Million francs.)		
18.4 (£729,000)	19.1 (£757,000)	21.1 (£835,500)	22.8 (£903,000)	23.8 (£942,500)

If we take the average of the three last years, while Germany sold France annually silks to the value of £515,000, France sold Germany £1,310,000 worth; that is, 154 per cent. more.

In certain categories the movements of exports and imports can be appreciated at a glance:

	1903.	1907.	1911.	1912.	1913.
			(Million francs.)		
Imitation jewellery imported from Germany	3.2	6.2	36.5	39.5	37.7
Gold and silver wares and jewellery exported by France	5.6	7.4	8.8	9.3	7.4

Toys, fans and trinkets are exchanged, but it is plain that the articles which these terms connote are not the same in all cases:

	1903.	1907.	1911.	1912.	1913.
			(Million francs.)		
Imported from Germany	11.7	12.2	15.7	18.3	19.7
Exported into Germany	9.5	16.4	19.3	16	18.9

To within the last two years French exports in these lines were larger than the German.

The figures for carriage-work and motor-cars are as follows:

	1903.	1907.	1911.	1912.	1913.
			(Million francs.)		
Imported from Germany	3	10.2	5.8	4	7
Exported into Germany	6.5	14.5	14.4	16.9	22

The French supremacy is unquestionable.

Only in the categories of earthenware, glass and glassware is there an increase of imports without reciprocity:

	1903.	1907.	1911.	1912.	1913.
			(Million francs.)		
Imported from Germany	17.4	29.4	42.1	44.5	37.4
Exported into Germany	3.4	4.2	4.6	5	4.8

A detailed analysis of Franco-German exports and imports reveals one striking fact.

In 1913 Germany exported to France:

Among foodstuffs, cereals	87 million francs.
Among raw materials, coal	165 „ „
Among manufactured articles, machinery and parts	132 „ „

If the 165 million francs for coal be deducted from the total value of the German exports to France, the figure remaining is 904 million francs (£35,800,000). The difference in value between the German imports to France and the French exports to Germany is thus reduced to 37 million francs (£1,465,000).

The French imports from Germany of corn and flour can only be explained on the assumption that France needed them, and the French corn-growers cannot complain that this import has ruined prices because prices have been very high.

The other great import has been that of machinery and parts. Who bought these ? Plainly the French manufacturers who needed them for their business. This machinery has therefore contributed to the economic development of France.

France has no corn to send to Germany. Nor has she any coal. After all, even if France imports machinery of German manufacture there is a demand for French machinery in Germany, as is proved by the eight or nine million francs' worth which the Germans buy annually.

The richer Germany became, the better customer she was for France, in spite of the tariff. Similarly France's custom was growing ever more valuable to Germany. In plain fact the two countries were excellent customers for each other, and had there been no such phenomenon as "economic imperialism" to interrupt the course of their commercial relations, their trade must have expanded normally, to their mutual great advantage.

CHAPTER XI

HOSTILE ECONOMIC PRACTICES

What is a commercially "closed" State—Fichte, Oldenburg and Wagner—The Chancellor's protectionist views—Their effect on the elections—The 1909 tariff—Additions to the number of articles—Article 103—Discrimination—No exchange of cattle between France and Germany—Threats and recriminations—Article 15 of the Law of 1892—Germany's reply—Sparkling wines and brandies—Analyses—The *Comité du Commerce Français avec l'Allemagne*—German railway rates—Export fever in Germany—The Press agitation of 1913—Commercial jealousy, economic ignorance, hypocritical and unfair practices.

TRADE between France and Germany has increased steadily, in spite of the Protectionists in the two countries who have done their best to drive them into economic war.

The idea of a commercially "closed" State, a *Geschlossener Handelsstaat*, must be ascribed to Fichte. In 1897 it was revived by Oldenburg and received the support of the celebrated Professor Adolph Wagner, who desired Germany to be self-supporting. Dietzel answered him with Free Trade arguments. Oldenburg cried out in terror: "If the corn-producing countries, such as the United States and Russia, become industrialized, they will no longer take our manufactures and we shall then die of hunger."

Adolph Wagner, in a book called *Germany, an Industrial and Agricultural State*, says:

"We must seek to retard the large increase of our population."*

The duties on corn were raised. It might have been hoped that dearer food would produce the result desired by Adolph Wagner. It produced no such result. The population continued to increase, and if the rate of increase has slackened considerably of late years, the change has been most noticeable in the wealthiest parts of Germany.

* Discussion du Huitième Congrès Évangelique, 1897.

The theoretical question has been abandoned by the two great Protectionist groups in Germany,* the landowners and farmers on one side and the big manufacturers on the other. Although the manufacturers are National Liberals and politically hostile to the Agrarians, they are all in agreement as to the necessity of maintaining the protectionist system. However, their interests are not identical. The Catholic Centre looks for support both to the working classes and the landed proprietors of the Rhine Province. In Silesia the great landed proprietors have also large mining interests and wield immense influence.

In September, 1911, the Prussian railways reduced by one-half their rates for the carriage of feeding stuffs for cattle. The potato harvest was so poor that the Prussian Government permitted the substitution of maize in the distillation of spirits.

Various Chambers of Commerce and other bodies demanded the temporary abolition of the duties on maize (which stood at three marks a quintal) and also on the poorer qualities of barley, as well as the suspension of all restrictions on the import of meat and cattle.

To this demand the Chancellor replied in the Reichstag that any abolition or reduction of duties would injure the agricultural interest. Temporary abolition would be all the more dangerous, as it might end by becoming final.

However, the orators of the Centre and the National Liberals, while professing their adherence to a protectionist policy, demanded the reduction or temporary suspension of the duties on maize and barley, the admission of frozen meat from the Argentine Republic, and revision of the system of import certificates for corn. The Chancellor showed himself more protectionist than the Protectionists. The *Deutsche Export Revue*, the organ of the *Bund des Industriellen*, declared that his attitude would cause deep dissatisfaction in commercial and industrial circles.

It is certainly probable that the Chancellor's attitude had something to do with the success of a hundred and ten Socialists in the elections of 1912.

The German tariff of 1909 covered no less than 941 articles. The Prussian bureaucracy which drew it up wanted to evade some of the effects of the most-favoured-nation clause. They went to work by increasing the number of the headings of the tariff in such a way

* Luigi Brentano : The Free Trade Congress at Antwerp (1910).

that certain French specialities exported into Germany were not included in the commercial treaties which had been concluded.

French Protectionists waxed extremely wrath over Article 103, dealing with cattle with heavy bay or brown markings, pasturing normally 300 metres (984 feet) above sea-level, but spending one month of the year in pastures at an altitude of 800 metres (2,600 feet). Whatever the origin, cattle for fattening paid the same duty of 9 marks per 100 kilos (220 lbs.), while other cattle paid the full duty of 20 marks.

It is plain that this distinction had been made to favour a certain Swiss breed, perhaps with the object of introducing the species into Germany. In any case, French, Austrian, Italian, Dutch, Belgian, Danish and other cattle, not answering to these descriptions, could not take advantage of the reduced duty.

It was a case of discrimination. From the French point of view, what was the result ? Was France so rich in flocks and herds that she might have invaded Germany with them ?

Was it possible to reply to this discrimination by putting duties on cattle of German origin ? Germany does not export cattle. Could France retaliate on German coal, raw material ? The metallurgists, strongly protectionist, would have objected. In the French tariff of 1910 the duties on machinery and parts were raised, but this affected the imports of that class from England and Belgium as well as from Germany. The increase might profit some of the manufacturers, but it hit all who needed machinery.

These cases of discrimination made an excellent springboard for M. Klotz, about to start on his campaign which led to the revision of 1910. Both he and his friends kept repeating that twelve per cent. of French exports had been harmfully affected by German discrimination and that only six per cent. had benefited.

In any case, the expansion of Franco-German trade was not arrested, and, in fact, the exports of France exceeded her imports.

M. Klotz made inflammatory speeches which seemed directed towards Germany ; but at the same time he said :

" The object of the revision is not a systematic raising of our minimum tariff, but a systematic raising of our general tariff."

In his speeches M. Klotz indicated Germany and her discrimination. But in virtue of Article 11 of the Treaty of Frankfort, France could not apply her general tariff to Germany.

The Germans knew quite well what they were about, but mutual recriminations do not pave the way for good relations. However, Franco-German trade continued to increase.

But the matter did not stop at words. Article 15 of the French Tariff Law of Jan. 11th, 1892, ran as follows :

"All foreign goods, whether in a natural state or manufactured, bearing either on themselves or on their packings, cases, wrappings or labels any manufacturer's or trade mark, name, sign or legend of any kind, suggesting that they have been made in France or are of French origin, may not be imported, bonded, or carried by rail, and all trade in them is strictly prohibited.

"This regulation also applies to manufactured or unmanufactured foreign goods coming from a district or locality with the same name as any French district or locality which do not bear, in addition to the name of the district or locality, the name of the country of origin and the word 'Imported' in legible and distinct characters."

The apparent object of this innovation was to prevent confusion between the foreign and French origin of any particular article. But of late the law has been applied in such a way that all imports from abroad into France must show a mark of origin.

The new law compelled a German firm which had been selling optical instruments in France for more than sixty years to add to its trade-mark ("X. Jena") the words "Imported from Germany." The customs authorities were kind enough to dispense with the redundant words.*

However, we must not pass over in silence the rare example of moderation they displayed in not insisting that every piece of coal exported from England, Belgium and Germany into France should be stamped.

As a reply to these hostile practices, it was suggested in Germany that Article 15 should be met by a regulation that not only all goods imported into Germany, but even goods in transit, should be stamped with the name of country of the origin, if necessary in indelible characters.

When the Germans revised their tariff in 1910 the duties on sparkling wines were raised from 130 marks to 180 marks, and on brandies from 300 to 350 marks.

The German Customs regulations laid down that every consignment of wine should be analysed on entering the country at the

* Maurice Ajam : *Le Conflit Économique Franco-Allemand : Journal des Économistes*, November, 1913.

expense of the consignor. The French exporters made little objection so long as the German Customs officials contented themselves with one analysis per consignment. But on September 1st, 1910, the German authorities decided that only those wines could be considered "homogeneous" which were of the same district, vintage and price. Therefore a separate analysis was necessary for each variety in a consignment

The German law permits blending up to forty-nine per cent., but this admissible blending was hardly likely to improve the quality of French clarets.

At the suggestion of M. Lucien Coquet a few years ago, a number of Frenchmen founded the "Comité du Commerce Français avec l'Allemagne." Its presidents have been M. Pierre Baudin, M. René Millet, and since June, 1913, M. Maurice Ajam. It is known simply as the Comité Franco-Allemand. Its aim has been "to promote good trade relations between France and Germany." In the summer of 1913 M. Maurice Ajam went to Germany to study the trade question, and on his return kindly published his conclusions in the *Journal des Économistes* for November, 1913, under the title, "Le Conflit Économique Franco-Allemand." He also published further details of his investigation in a book called *Le Problème Économique Franco-Allemand.*"*

The majority of the members of this society were French and German exporters. I can speak freely on this topic, because, although I was invited, I never joined this body. The Protectionists who always want to sell without buying can hardly find fault with those Frenchmen who try to win a larger market for French goods in Germany. But were not the Germans enjoying the French market? The Protectionists have the same complaint to make as regards England and Belgium; yet in spite of their efforts they have not yet found a means of preventing goods from being exchanged for other goods.

Tariffs, however, are not the only weapon in their armoury. In Germany the Protectionists make use of the railway rates, scaled low for exports and high for imports. Thus the consumer is hit twice. The export of home products is facilitated and the price of foreign products is kept high.

"Always sell and never buy" is the first commandment of Protectionists in every country. The policy of the syndicates is only

* Published by Perrin.

a logical application of it. But those who are for ever seeking a "remedy for crises" want to go one better.

In the second half of 1913 there was marked industrial depression.

The Press immediately found the remedy—exporting. In the name of Germany's economic mission in the world and in the name of *Weltwirtschaft*, a chorus of obloquy was raised against Great Britain which had her colonies, and America which had a whole continent; while Germany, the new-comer, had no commercial "preserves." Then followed exhortation to Germany to take her share of Africa and secure a monopoly in Asiatic Turkey, South America and China.

"Within forty-eight hours of each other two scientific institutions were inaugurated early in 1914, both specially devised to teach the science" (? or art) "of international trading, viz., the *Institut für Seeverkehr und Weltwirtschaft*, inaugurated at the University of Kiel, February 20th, 1914, as a branch of the *Kaiser Wilhelm Stiftung*, serving scientific purposes, and the *Weltwirtschaftliche Gesellschaft*, constituted at Berlin, February 22nd, composed of scientists and pursuing only theoretical ends (lectures and papers on the world's economic development)."*

Commercial jealousy, economic ignorance, unfair and hypocritical practices—these have been in all countries the offspring of Protection.

* Annual Series of Diplomatic and Consular Reports, No. 5,404, 1914, Germany.

CHAPTER XII

THE OPEN DOOR

The Open Door—The *Journal de Genève* and Algeria—German trade in Algeria.

IT is easy to understand the ill-feeling in France and Germany caused by the tariff war between the two countries, but Germany had certainly no ground for complaint with regard to Great Britain's treatment of her.

At the end of 1903 Mr. Balfour had certainly talked of Retaliation, but he had seemed half-hearted. Mr. Chamberlain took up the question of "Tariff Reform," but could not convince the English of the desirability of a change.

Germans are very envious of Great Britain's predominance in the carrying trade.

In a series of articles on "Germany and England" in *The Statist* for 1912 Sir George Paish put the following question:

"When does the commerce of a nation become its commerce? The world's wheat shipments are made in the vessel of any country available for the purpose at the moment. The vessel is the property of one person or of a group of persons of one nationality, and the cargo belongs to another or to several others of a different nationality. Not until the wheat is in the English Channel is it known whether or not the vessel will discharge its cargo in Liverpool, or in Hamburg, or in Rotterdam, or in Antwerp, or at a French port. And even when its destination is decided upon the wheat is still the property of those who caused the wheat to be shipped, who may be citizens of any country. A portion of the commodities needed by England is brought in foreign vessels; a large portion of the commodities needed by Germany arrives in the vessels of other countries. Thus a vessel may be owned by one country, its cargo by another, and its underwriting be performed by a third. It is possible for a country to enjoy a great overseas commerce and to own neither ships nor goods at sea."

But Germany wanted to be self-supporting, and could not forgive British ships for bringing her cheaper goods than she could produce herself.

Lastly, Germany could not deny that Great Britain pursued the

policy of the "Open Door." At the time of the Agadir crisis the *Cologne Gazette* said:

"Experience shows that in Algeria, Tunis, Indo-China, Madagascar, and everywhere else, France has bolted and barred the door against the trade of all other nations."

France certainly does not favour the "open door" system, and yet the logic of events has triumphed over the force of Protection. Here is a reply from the *Journal de Genève* to this charge against France:

"The numerous Swiss who have taken up their residence in Algeria and Tunis and gained—certainly many of them—positions of influence and importance, are unanimous in their opinion that French rule there means a warm welcome, tolerance and security for foreigners. Foreigners are treated exactly like Frenchmen. No obstacle is thrown in the way of their purchasing land. They may establish their businesses and engage in trade without let or hindrance. They are subject to no taxation from which Frenchmen are exempt. 'I have lived ten years in Tunis,' said a Swiss friend of ours the other day. 'I have worked and developed my property there without paying a sou towards the revenue.'

"France has so effectively 'bolted and barred the door,' to use the language of the *Kölnische*, that while 105,000 Italians now reside in Tunis, there are only 38,000 Frenchmen there. The Italians fare as well as if they were in Italy. They have their own schools, doctors, lawyers and clubs. Consequently they are now thoroughly reconciled to the French protectorate, and have forgotten their original suspicions and resentment. They are able to say that they could not have been given more scope if it had been their own country which had borne the burden, faced the dangers, and surmounted the difficulties of occupying Tunis and restoring order in that country.

"In Algeria there are more than 400,000 Europeans, mainly Spanish and Italians, not to mention many Swiss.

"What about trade?

"Let us take the Statistical Year Book of the German Empire for 1910. It shows that German exports to Algeria advanced from 500,000 marks in 1902 to 3,600,000 marks in 1910. Between 1901 and 1910 they increased from 600,000 marks to 1,300,000 in Tunis and from 2,400,000 marks to 4,500,000 marks in West Africa.

"The same Year Book, marking the expansion of the national trade in triumphant percentages, places the increase of German exports for eight years at 575 per cent. for Algeria, 127 per cent. for Tunis, 86 per cent. for West Africa, 360 per cent. for French Indo-China, 183 per cent. for Guiana and Martinique and 253 per cent. for French possessions in Oceania."

These figures demonstrate the absurdity and futility of the "closed door" policy.

Germany's plan was to force open the doors of others with her cannon while she kept her own closed.

CHAPTER XIII

COLONIAL AMBITIONS AND ILLUSIONS

German Colonial Policy—"Land hunger"—Settlement colonies in Africa—Massacre of the natives—No outlets for the German population—Theories and facts—Kiao-Chau—German interests in Morocco—Navigation for prestige—Economic pretexts to cover political aims—"Extending the frontiers."

GERMAN protectionists, like those of every other country, have two objects before them in addition to the restriction of trade between their own and other nations:

(1) That Germany should be self-supporting.
(2) That Germany should increase the outlets for her trade by acquiring consumers who would be her own property.

The second object is the basis of her colonial policy which Bismarck could not resist, though his support was half-hearted. In 1884 he took over Angra Pequena from a Bremen merchant, Lüderitz, who had obtained it from a Namaquois chief.

Herr F. Kolke, the editor of the *Koloniale Zeitschrift*, gives a table for 1911 showing the following figures for German trade with English, French, Dutch and Belgian colonies.

Imports into Germany.	Exports from Germany.
(Million francs.)	
1,342.5	352.5

The idea of Germany's buying three times as much from the colonies of foreign Powers as she sold them enraged the pundits of National Economy. A greater spur to their indignation was the knowledge that out of 55,500,000 square miles, the area of the habitable globe, the English possessed 13,123,712, Russia 8,400,000, France 4,330,000, while Germany had to rest content with only 1,343,020. Hence the new passion which they denominate *Landgier*, "Land Hunger." Their cardinal dogma is that a great Power should possess, in every quarter of the globe, territories corresponding to its population and its capacity to expand.

They meant their African colonies to be settlement colonies. German *savants* would not condescend to remember that white men hardly ever become acclimatized to countries in the Torrid Zone with 25 isothermal degrees.*

The Germans massacred the Herreros and other native peoples, and were then surprised to discover that black labour was indispensable to the development of their colonies. But if Doctor Dernburg, the first Secretary for the Colonies, despised the blacks, he had not a much better opinion of whites. His ideal was a colony without inhabitants to be exploited by banks. Unfortunately even the banks had their doubts. His successor, Solf, reverted to the idea of settlement colonies, but Pomeranians and Mecklenburgers are afraid of fever and dysentery and display a marked preference for North America.

In 1913 there were 28,800 whites in the German colonies. As the excess of births over deaths in Germany is 800,000, it could not be said that the colonies provided an outlet for that over-population of the Mother Country which Herr Adolph Wagner and other professors feared so much. Indeed, of that 28,800, officials and missionaries accounted for 12,000.

Herr Bonn, Professor of Munich University and Director of the Academy of Commerce, delivered in 1911, on a special occasion, a lecture on German colonial policy with special reference to Africa. He drew a vivid contrast between theories and the facts. It had been said that the German colonies in Africa could supply all the cotton required for home consumption. Now in 1909–1910 that consumption was 1,664,000 bales ; that is, 377 million kilogrammes. To supply the home market it would have been necessary to cultivate two million hectares and dispose of the labour of two or three million people. Doctor Bonn estimated the number of blacks available at fourteen millions, counting men, women and children.

In 1912 the total trade of the German colonies was :

	Imports.	Exports. (Million francs.)	Total.
	322	251	573
If Kiao-Chau be excluded			
	143	101	244
the figures are			
	179	150	329

Thus Kiao-Chau accounts for two-fifths of the total.

* See Yves Guyot : *Lettres sur la Politique Coloniale*, pp. 47, 55.

For several years the Kaiser's ambitions were turned from Turkey to China. Germans believed that in view of the future partition of China Kiao-Chau was one of the tit-bits. Belgium, the United States and Great Britain had all obtained railways but no territorial concessions. In November, 1897, two German missionaries were murdered. As it happened there was a small German squadron, under the command of Admiral Diedrichs, present at the time. On November 14th detachments were landed from these ships which took possession of the territory around Kiao-Chau Bay and hoisted the German flag on the neighbouring hills. Almost at once a proclamation was issued assuring the Chinese that the Germans entertained nothing but friendly feelings for them, but would retain possession of the territory in question with a view to obtaining satisfaction for the murders. Pekin summoned the Germans to depart, but, so far from complying, they demanded the concession of a railway line and some mines in the province of Shantung. China was in no condition to resist and the German Government duly obtained a lease for ninety-nine years of 193 square miles of the province of Shantung, the bay of Kiao-Chau and a sphere of influence of 2,750 square miles. The compact was signed on March 6th, 1898. The second paragraph of the first article ran thus: "His Majesty the Emperor of China, desiring that the German troops should take possession of the territory hereinafter delimited . . ." But that was not the end of this study in irony. The province of Shantung was abandoned to the Germans. In return the Germans gave an undertaking that they had no ulterior designs with regard to China, and, in particular, "would make no attempt to seize illegally any part of that province." In return for the mining concession, the German Government added that "they were not inspired by any ill-feeling towards China, but only wished to increase the trade and improve the relations between the two countries."

When demanding a credit of five millions for the development of the new acquisition Prince Bülow said:

"The Chinese authorities will have the proofs of German power ever before them and will understand that any injury to the German people will not be disregarded. We have secured a strategic and political position at Kiao-Chau which will give us a decisive influence on the development of events in the Far East."

The Germans immediately set to work to fortify their new possession. It has been said that they emplaced five hundred Krupp guns

of the latest model. The development of the trade of the port was duly boomed, but obviously much of its increased activity was due to the shipping employed for the fortification and railway construction. In 1904 the railway from Tsing Tao to Tsinan-Fu, 256 miles in length, was opened. It feeds the most fertile and thickly-populated districts, hitherto destitute of means of communication, and connects with the main line in China from Nankin to Pekin.

To this railway is due the commercial activity of the port of Kiao-Chau, the trade of which advanced, as the customs returns show, from 59,482 Huakim taels in 1900 to 1,670,000 in 1912.

The expansion of the navy, which has proved a costly luxury to the German Empire, dates from this occupation of Kiao-Chau.

To-day the Japanese have deprived the Germans for ever of their possession. Kiao-Chau was the only colony which was a striking commercial success, and that because it provided the Chinese with railway facilities; but it was the Chinese, not the Germans, who made its prosperity. In German eyes its value was mainly strategic.*

When the Germans spoke of their interests in Morocco, it might have been thought that they did a flourishing trade in that part of Africa. As a matter of fact, the entire trade of Germany with Morocco in 1909 was 11,300,000 marks, her total trade in that year being 17,000,000,000 marks. In other words, the Moroccan portion was not even one per cent., being six-tenths per cent. of the whole. British trade with Morocco was worth £2,204,000, French £2,195,000, German £564,147. To threaten the peace of the world for "interests" of such dimensions proves that the Kaiser and his advisers have no sense of proportion.

The Germans had another plan, a highly artificial one, for swelling the importance of their Moroccan "interests." The figures for the tonnage of ships entering the port of Tangier illustrate its operation.

	German.		English.	
	Laden.	In ballast.	Laden.	In ballast.
1907	40,540	104,517	195,245	81,835
1908	25,375	147,176	191,606	25,387
1909	42,896	135,670	193,230	34,636

* "Tsingtau and its Significance: with Some Impressions from a Recent Visit," by William Blane, *The Nineteenth Century and After*, December, 1914. "Tsing-tao et la Ruine de la Culture Allemande en Extrême-Orient," par D. Bellet. *Revue des Deux Mondes*, March 1st, 1915.

While the proportion of English ships in ballast is about one-eighth of their total, German ships in ballast represent four-fifths of their total. These German ships call for the purpose of displaying the German flag. The British Consul has pointed out that the German services to the coast of Morocco would be discontinued were it not for the Government subsidies they receive.

In 1901 there were 16,500 Europeans in Morocco, of which total Germans, Austrians and Swiss combined amounted to 153, or 1 per cent. !

The official *communiqué* said that the *Panther* was sent to protect the lives of Germans and German protégés ; but the village of Agadir, with its three or four hundred inhabitants, did not contain a single German.

It is plain that the Kaiser's chief interest in Morocco was its strategic importance. The *Panther* was sent to Agadir, where there was not a German to protect, and not to Mogador, because Agadir could easily become an important port and the Germans wanted it for a naval base. " This country," they said, " stands at the corner of Africa, and such a position in the continent is a factor of the highest strategic importance."

The geographer Ratzel enunciated the principle of accumulating territory in these words : " The development of a world-empire means that in one region after another the conquering power extends its political frontiers." The Kaiser, once established in Morocco, would have attempted to put that principle into practice as he had done when scheming to join up German South-West Africa with German East Africa.

The motives of German colonial policy must always be sought in considerations of strategy and politics rather than in economic ambitions.

CHAPTER XIV

THE BAGDAD RAILWAY

Frederick Barbarossa and William II.—German friendship for Abdul Hamid—The Konia-Bagdad railway—Financial arrangements—The French Government's part—A check in England—The Franco-German Agreement of February 15th, 1914—Homs-Bagdad—Diplomatic mysteries—German trade in Turkey.

IN 1189 Frederick Barbarossa entered Constantinople. In 1889 William II. celebrated the seven-hundredth anniversary of that event by paying a state visit to the same city. Although the Crusades were a resounding failure, William II. felt the spirit of the Crusader within him, even at the moment of offering his friendship to the Sultan Abdul Hamid and his protection to the Moslem world. His visit was rewarded by the concession of a railway in Anatolia as far as Konia.

The year 1898 was marked by the Armenian massacres. Sultan Abdul Hamid became an object of execration the world over. This was the moment for the Kaiser to distinguish himself. He sent the Sultan his portrait and in a high-sounding state speech assured him of his eternal friendship. "Eternal" was a strong word. True, the friendship had had a beginning. But there was also to be an ending.

In October, 1898, he visited Constantinople again. In 1899 an *irad* of the Sultan decreed the extension of the railway from Konia to Bagdad.

At this time, however, the Kaiser was haunted by his Chinese dreams, although the study of the railway problem, always disguised as archæological or other research, had never ceased. In 1900, an engineer of the *Deutsche Bank* published a book in which he projected a scheme for connecting European and Asiatic Turkey by a bridge over the Bosphorus.

However, Russia had obtained from the Sultan a promise that

railways in Armenia should only be constructed by the Turks themselves, or by Russians. Great Britain was busy with the Transvaal War. The memory of Fashoda still embittered her relations with France. German scholars consoled their countrymen for their disappointments in Africa and China with visions of the agricultural resurrection of Mesopotamia and the fine field it offered for German colonization.

The Kaiser obtained a second *irad*, dated February 18th, 1902. The estimate amounted to 800 millions ; but in spite of the guarantees given by the Turkish Government, German financiers knew that the money could not be raised in their own market.

It may be admitted at once that both the French Government and financiers made mistakes. An agreement was concluded between the German Anatolian Railway Company and the French Smyrna-Cassaba Company that Germany should raise 40 per cent. of the capital required and France another 40 per cent., the remaining 20 per cent. being found by the Powers having financial interests in Turkey. Germany, however, was not equal to raising her 40 per cent. and magnanimously invited Russian co-operation. Count Witte replied by an official *communiqué* in the Russian *Financial Messenger*, advising Russians to keep their capital for national enterprises of more immediate interest.

Germany, so far from encountering opposition on the part of the French Government, received their support. M. Victor Bérard says* that M. Delcassé had used his visit with President Loubet to St. Petersburg (May, 1902) to speak favourably of the Bagdad railway scheme ; that he prosecuted the idea during the whole of 1902 and at the beginning of 1903, and ended by convincing Count Lamsdorf that as the Germans were determined to build the railway in any event, it would serve Russian interests better to be with them rather than against them, or at least to allow France to enter a combination which could thus not be used as a weapon against Russia. There was an interview between the Emperor William and the Czar Nicholas at Revel (August, 1902), and at length Russia consented.

William II. tried to interest England in the scheme during his visit to that country in 1902. In 1903 the suggested proportions were revised. Germany was to find 30 per cent., France 30 per cent., England 30 per cent., and the remainder was to be raised at large. In return the English were to consent to an increase in the Ottoman

* *La France et Guillaume II.*, 1907.

tariffs, the adoption of the Bagdad route for the carriage of the Indian mails and the creation of a terminus on the Persian Gulf. Mr. Balfour declared that he did not wish the route to be under the sole control of a Franco-German company. Lord Lansdowne had expressed approval of the scheme. However, Mr. Balfour soon came to see that the control of the system would be exclusively German, and on April 23rd, 1903, Great Britain finally refused to take any part. The old arrangement was restored. France was to find 40 per cent., Germany 40 per cent., and the remainder was to be placed in Switzerland and Belgium.

The greater Germany's difficulties, the greedier she became. The original agreement had provided that the Director should be a German, and the President a Frenchman. Berlin now claimed that both offices should be filled by Germans. The reply was simple. Bagdad Railway shares were not allowed to be quoted on the French market (October, 1903). In revenge the Kaiser made his famous voyage to Tangier in 1905.

The Germans constructed the 125-mile stretch between Konia and Boulgourdou over a level plain; but when they reached the Taurus sector, artificial works, such as tunnels and bridges, involved an enormous outlay. They obtained a further guarantee of four per cent. per kilometre for a special loan of 98 million francs. The *Deutsche Bank* returned to France and offered this four per cent. guarantee as a bait in the fond hope that it would secure French assistance.

Russia, in return for her complacence towards the Bagdad railway scheme, obtained recognition for her special interests in Armenia and Northern Persia. Simultaneously she came to an arrangement with Great Britain defining her zone of influence in Persia, and an Anglo-Russian agreement of August 31st, 1907, fixed the relations of the two Powers with Afghanistan, which is now connected by railway with the Trans-Caspian at Merv.

In 1908 there was a fresh Turco-German arrangement by which the surplus of the customs revenue was guaranteed to the grantee company. At the end of 1913 negotiations between MM. Porsot and Sergent, representing France, and Herren Gwynner and Helferich, representing Germany, assisted by M. Cambon and Herr Zimmermann, resulted in the conclusion of an agreement on February 15th, 1914, whereby France abandoned her interest in the Bagdad Railway, and Germany recognized her exclusive right to undertake the public

works, construct and manage the railways and control the ports of Syria and North and North-east Anatolia.

The Germans—Turkey's good friends—thus arranged for her dismemberment without so much as consulting her. On the other hand, the three French lines, including the Smyrna-Afiunkara-hissar line and the Soma-Panderma line, were isolated, and could not give France influence in any way comparable to that enjoyed by Germany through the management and control of the great Bagdad route.

But Bagdad is five hundred miles from the Persian Gulf. Germany had still to deal with the maritime supremacy of Great Britain, and her ambitious scheme had not opened a new route to India. On the 15th of June, 1914, six weeks before the declaration of war, Great Britain had come to an arrangement delimiting her sphere of influence beyond Bagdad, and when Turkey declared war on the Allies, her first act was to land an Anglo-Indian force and secure Basrah.

The Anglo-French project of a railway from Homs to Bagdad connected with a terminus at the Syrian port of Tripoli was mooted as a counterblast to the German Bagdad line. It would be shorter than its German rival and require none of the great artificial works which distinguish the Taurus sector. It would touch the Euphrates at Deir, serve Mesopotamia, and be the most direct route by the Mediterranean for the mail services. The idea was more than eighty years old. Without doubt the Germans would rage against a rival. But although the rival lines would meet at Bagdad, throughout the greater part of their length they would be at too great a distance from each other to allow of serious competition. Sir William Willcox, who was deputed by the Ministry of Public Works in Constantinople to study the question of Mesopotamian development, reported in 1909 that this railway would provide the necessary stimulus to local trade. He estimated the cost of construction of a narrow gauge railway at 69,000 francs a kilometre. In 1910, M. Bernard Marimone, backed by a powerful group of English and French financiers, brought forward another scheme for a railway passing through Palmyra, Deir and Anah. At the time certain diplomatic intrigues were taking place which have been revealed by Mr. Francis Aldridge in an article called "A Bungle in Entente Diplomacy."* The reasons for the hostility displayed by certain French diplomatists is not easy to understand. However, the scheme fell through, to the great joy of the Germans.

* *Fortnightly Review*, August, 1914.

We must take care that future Anglo-French negotiations with regard to Eastern affairs are not marred by similar misunderstandings.

If we were to accept the statements of some journalists and politicians, German trade has acquired in the Ottoman Empire the same predominance which her diplomacy already enjoys. A glance at the statistics dispels that legend which many Frenchmen have industriously spread abroad with the purpose of rousing French manufacturers, financiers, and even the Government.

The figures for the fiscal year ending March 13th, for 1906, 1909, 1910 and 1911 are as follows (1 piastre = .23 franc = approximately 2¼d.):

Imports (million piastres).

Exporting Country.	1906.	1909.	1910.	1911.
Great Britain	1,099	941	882	848
Austria-Hungary	651	407	628	765
France	267	397	318	393
Germany	132	194	221	387

Exports.

	1906.	1909.	1910.	1911.
Great Britain	633	314	558	537
Austria-Hungary	213	248	174	219
France	381	363	365	440
Germany	123	115	112	131

Total Trade of the Turkish Empire.

Imports	3,137	3,143	3,338	4,256
Exports	1,967	1,844	1,820	2,208

Thus German trade with Turkey is much less than that of Great Britain, although German exports to Turkey have advanced and approach those of France. No doubt part of that advance is represented by material for the Bagdad railway and also war material of all kinds.

In this case, as in most others, there is something fictitious about the figures of German trade.

Germany has also sent colonists to Turkey but only in small numbers. They have been entirely without influence, and in all probability strongly dislike Oriental government. German ambitions in that quarter have also resulted in failure. On the other hand, the Kaiser's influence at Constantinople has been supreme. His bold ambassadors have robbed the English and French ambassadors of their old prestige. The latter, indeed, put no obstacles in their way. Obsessed by the idea that the Turks would be triumphant in 1912,

they were so hypnotized by German ambition that they accepted with calm resignation all its consequences. If Turkey had been victorious in the war of 1912 Austria-Hungary would have crushed Serbia and extended her influence to Salonica. The Emperor of Germany would have stretched out a friendly hand to the Sultan, and tacitly informed Bulgaria, Roumania and Greece that they must regard him as their natural protector.

Berlin, Vienna, Constantinople, Bagdad! From the terrace at Potsdam the Kaiser saw himself at last in a position to strike at England in India and Egypt and his dreams *à la Picrochole* bore him into the Infinite.

In 1916 the Allies are at Salonica, Russia holds Erzrum and continues to destroy the German armies. The English threaten Bagdad. What a fall!

CHAPTER XV

ECONOMIC INTERESTS AND IMPERIALISM

A contradiction—Pacific declarations of industrials and financiers—Their arguments—They were self-evident—"The economic organization of Germany was fashioned for peace"—Exchange is the affair of individuals, policy of Governments—The Kaiser as commercial busybody—The Sultan as his customer—The Professors of Economics stray from their subject—Economic Imperialism—Military interests—Herr Thyssen's Anglophobia—French iron mines owned by Germans—Raw material—Germany's large imports from Russia and Great Britain—Great Britain her best customer—Economic considerations abandoned—"Prestige"—The War Party—Harden's exhortations—A summary—The real end and its attainment by appeal to the passions.

I HAVE already shown the aggressive character of Germany's "Economic Imperialism." Yet it must be granted that the extension of her economic interests implied in itself a certain force working for peace.

Several French writers have reported conversations with German financiers and industrials who displayed natural pride in the immense progress made by Germany and, in particular, cited the growth of German capital. A banker said: "In a country like ours, where industry is in the hands of finance, finance is necessarily peace-loving."* "We want peace above everything else, because we are business men," said the manager of the *Dresdner Bank*. A Prussian official, high in the imperial service, gave M. Bourdon an extremely eloquent and lucid description of the historical development of Germany and added: "We are still in process of expansion. It is vital for us that this process should not be arrested or even impeded. Peace is a necessity for us. It is always a prime necessity for a nation which is accumulating wealth, just as war and pillage are necessities for the needy conqueror. Victory would give us nothing we do not possess already. Defeat would spell utter ruin."†

* Georges Bourdon: *L'Énigme Allemande*, p. 386.

† Georges Bourdon, *ibid.*, p. 176.

Doctor Rathenau, director of the great electricity combine, declared openly, that, " In Germany the people want peace."

In 1913, M. Maurice Ajam, representing the *Comité du Commerce Français avec l'Allemagne*, of which he was president, visited Germany to sound the opinions of the great German industrials. Some of them spoke to him of the Slav peril :

" The only chance of war between France and Germany lies in a sudden onslaught on Austria by Russia. In that case we should stand by Austria even if the whole world were to totter under the shock. But in no case would the first attack come from us."*

As regards the economic aspect of the question, they added :

" We regard other countries, particularly France, only as so many markets. A nation so essentially industrial and commercial as ours cannot pursue an aggressive policy."

Returning to the Slav peril, they remarked that " a war would not remove it."

M. Maurice Ajam was so impressed by the general tone of these conversations that he said :

" Peace ! I can say that all Germans, those in the business world without exception, are devoted to the cause of European peace."

If M. Ajam was wrong, his mistake has cost him dearly for he has lost a son in the war. It must be remembered also that the German manufacturers and merchants gave reasons for their pacifist inclinations. Germany's industry, commerce and wealth were in process of expansion. Even the policy of the syndicates and the practice of " dumping," both hostile to competing industries, were profitable to the foreign consumer for whose benefit they were intended. It is easy to say now that the Germans who used those words were hypocrites. Their arguments are as true and applicable to-day as they were in 1913, and M. Maurice Ajam's conclusion is as appropriate now as then.

Arthur Raffalovich, whose knowledge of Germany is profound, wrote : " The economic organization of Germany is fashioned for peace."

While exchange is the province of the individual members of the various national communities, politics concern their governments and

* *Le Problème Économique Franco-Allemand*, 1914, by Maurice Ajam.

rulers. Now all state action implies limitation of individual liberty, and between nations that limitation is called war.

The Kaiser has always played the part of showman of the German industrial and commercial world. It is quite likely that some Germans gave him credit for having speeded up the triumphal car of German industry and believed that he could open up new markets with the point of his sword. It is probably true with regard to Krupp's, for whom he acted as commercial traveller. He wrote to the Sultan with his own hand to recommend their guns and thanked him personally for the orders he placed. At the end of 1905, when all the European Powers sent their squadrons to Crete to make a demonstration against Turkey, Germany alone was unrepresented. In return William II. obtained an order worth two and a half million Turkish pounds (approximately £2,400,000).*

William II. could hardly hope for a similar success with his uncle, Edward VII. Yet when he went to Sandringham in 1909 he took with him a stock of little appliances for lighting, cooking, heating and hairdressing, *Lampen*, *Kochapparate*, *Frisierapparate*, and gave demonstrations in person in the hope of introducing those products of German industry on the English market.

To this low level had the exponent of National Economy descended in his attempt to put it into practice. He could not enunciate broad principles such as strike the imagination and evoke sympathy. Men do not go to universities to learn the intricacies of buying and selling. Conscious of their shortcomings, German Professors, instead of concentrating on their economic researches turn to political speculation. They take refuge in history and hold up to the admiration of their pupils those manifestations of force which masquerade as victories or defeats. They give lessons in Economic Imperialism.

It was to the interest of all the generals and officers and their aristocratic families, the non-commissioned officers and their relations, to feed the flame of their countrymen's warlike passions, for war was their *raison d'être*. The Emperor and the Chancellor provided them with the appropriate war-cries, which they were not slow to take up: "The Slav Peril" on one side, the "Hereditary Foe" on the other, and last but not least, "Perfidious Albion," denounced by the naval officers who figured in the processions of the Navy League as if she had closed the Straits of Dover to the vessels of the Hamburg-American Line or the North German Lloyd.

* Victor Bérard: *La France et Guillaume II.*, p. 179.

I give the justification of the war put forward by Herr Thyssen, the mining magnate, who was the first to work the iron mines of Perrières, Soumont and Diélette in Normandy :

" Every far-seeing Englishman must have known that Germany would not for ever submit to England's pressure.

" The policy England pursued made the war inevitable, and it must continue till the egoism and arrogance of England are broken down and Germany's position in the world is recognized."

But how had England injured Herr Thyssen ? She had not prevented him from exploiting the mineral wealth of Normandy. He could not even complain of English competition.

Germany threatened the world's peace on the pretext of her interests in the iron mines of Morocco. No one has ever refused to sell ores to her. German metallurgists have found scope for their energies even in the Meurthe-et-Moselle basin. They have a share in seven mining concessions, with a total area of 5,165 hectares (approximately 12,757½ acres) : Valleroy, Jarny et Sancy, Murville, Moutiers, Conflans and Serrouville. The grant of a share of Serrouville was made in exchange for the grant of a share in a German coalfield. In exchange for the grant of a share in the Valleroy concession, the Longwy Steel Company obtained from the Röchling a share in the Carl Alexander mines at Baesweiler. The Senelle-Maubeuge Mining Company formed the Jarny Mining Company, in which three German metallurgical works participate—the *Phœnia Aktien Gesellschaft für Bergbau und Hüttenbetrieb* of Hörde, the *Hasper Eisen und Stahlwerk* of Hasper, and the *Hösch Eisen und Stahlwerk* of Dortmund. The Senelle-Maubeuge Company also formed a company with the Lorraine blast furnace company, *Aumetz-Friede*, to work the Murville mines. The Moutiers mine is worked by an association formed in 1900, consisting of two French groups, two Belgian groups and a German group. Out of two hundred shares in the Conflans concession, one hundred belong to MM. Vieillon and Migeon, seventy to the *Dislinger Werke* of Detlingen (Germany), ten to a Belgian company. The *Gelsenkirken* own nearly 2,000 hectares (approximately 4,940 acres) in the Lorraine mining area, including the concessions of Saint-Pierremont, Sexey, Haute-Lay, Saint-Jean, Sainte-Barbe, Crusnes and Villerupt.

Herr Thyssen has himself acquired in the Meurthe-et-Moselle basin the concessions of Batilly, Bouligny and Jouaville, which feed his *Hagendingen* works near the Moselle.

The Germans control eighteen concessions, covering more than 10,000 hectares (24,700 acres), a seventh of the whole, in the Eastern mining area, and ten concessions, covering 7,300 hectares in Normandy.*

If the Germans intend Germany to be self-supporting, even with regard to all raw materials, they will have to annex Louisiana and other southern states of the United States in order to get their cotton, and the Argentine Republic and Australia to get their wool.

Out of 717,000 kilos of refined gold, 410,500 kilos come from the British Empire! That is to say, £57,500,000 out of £98,000,000. Yet no one has prevented the Germans from buying shares in the Transvaal mines, and before the war they had no difficulty in buying gold in London.

Great Britain does not refuse to sell gold to Germany. In 1913, though Russia sold to the Germans to the value of £70,000,000, Great Britain came next, having sold to them to the value of £43,000,000, and bought from them to the value of £70,500,000. The British are their best customers. Austria-Hungary, in spite of her central position, bought less—£54,100,000. Turkey, notwithstanding the Kaiser's utmost efforts and the increasing activities of German commercial agents, only bought from Germany to the value of less than £4,900,000, and even that figure included building and other material for the Bagdad railway, and probably some consignments from Krupp's for the army.

Did Germany's economic interests require her to make war on the two countries from which she drew the bulk of her imports, one of which was also her best customer?

In the article on Anglo-German commerce, to which I have already referred, Herr Diepenhors, after reciting all the arguments that his economic Anglophobia could suggest, doubtless recognized that they vitiated his own case, so he came to the conclusion that in the opinion of many people the Anglo-German problem could only be solved by an appeal to force and took on himself to declare that:

"It is the province of the politician, not the economist, to determine in what manner the two nations will best arrive at an understanding."

Economic competition was not enough for this German. He declared openly that it had been superseded by political competition. Why? To hasten the day of Germany's economic supremacy.

* *L'Allemagne en France: Enquêtes Économiques*, par Louis Bruneau.

Apparently, notwithstanding the statistics of German industry and trade, he had no confidence in their future. He did not regard the unfettered operation of the law of supply and demand as enough. He favoured an appeal to force which would crush competition altogether and leave Germany without a rival.

It was not the objective interest of gain which prompted the Germans to supersede the economist by the warrior. It was the insidious passion for prestige!

This passion was exploited by the War Party, known as the Bernhardi-Keim-Reventlow Trinity, with Maximilian Harden's journal, *Die Zukunft*, as their organ and the Crown Prince for their mouthpiece. Harden wailed that "the German bourgeois was too engrossed in business, work and money-making. Few of them ever think of war, or rather they have let peace become a necessity."* He hoped to rouse them from that unmanly torpor by exhortations such as these:

"Industrialism is stifling Germany. Was she not promised that she should be the mistress of the seas and that not an inch of the earth's surface should be divided up without her securing the best portion? Has there been any dividing up since? No, not even in Africa or the Gulf of Bothnia. Instead of the triumphs promised, Germany has witnessed the commission of one error after another. The *Pax Britannica*, not the *Pax Germanica*, rules the world. What has the Agadir *coup* brought us? We have gained some useless marshes in the Congo, while Chauvinism and the old military spirit have revived in France.

"Gold is forged with iron, but not iron with gold. To believe otherwise is mortal sin against the holy spirit of the nation. Hear, good people, what the foreigner will say: Forty-three years after Sedan the wealthy Empire of Germany is compelled to make a levy on property to defend its sixty-eight million subjects against forty million Frenchmen, because it can no longer pick a single blade of grass from the paths it has tracked out. Is the spirit of the true Prussian, who always knew to what goal his work bore him, then dead?†

Herr Freymann, the author of a book *If I were Emperor*, which had an enormous sale in Germany, wrote:

"No war! Such is the cry of our capitalists. It would ruin us!"

On this question he comes to a decision without hesitation:

"Trade will suffer heavily but will find new outlets. Far more serious will be the damage to industry. To have any conception of what that damage

* Bourdon: *L'Énigme Allemande*, p. 230.

† See "Maximilian Harden, Guillaume II. et le Kronprinz," *Le Correspondant*, February 10, 1915, by M. André.

may be, it is only necessary to think of the ravages caused by a crisis of a few months. But even this has its good side. We have before us an accumulation of evidence to show that our export policy is making us dependent on the foreigner. Thanks to that, our leaders of industry will overcome their hesitation to limit their activities to supplying the requirements of the home market."

This advocate of war did not favour the commercial expansion of Germany. According to him Germany must go to war to gain the right not to sell abroad and to compel her manufacturers to limit their output.

We may summarize our conclusions thus:

Germany's aggressive policy clashes with her economic interests.

Many German industrials and financiers are aware of this.

Economic Imperialism cannot be justified on economic grounds.

It has brought Germany into antagonism with her two chief sources of supply—Russia and Great Britain, the latter being also her best customer.

The objective basis of Jingoistic appeals and exhortations was the interest of the military and its allied aristocratic caste. These appeals could only be addressed to subjective passions.

CHAPTER XVI

THE PROFITS OF WAR. THE WAR INDEMNITY OF 1871

Maximilian Harden—The bandit view of war—The indemnity of £200,000,000—The cost to Germany of the war of 1870—How much recovered through the indemnity?—How the indemnity was paid—Gold movements in Germany—Loss on the sale of silver—How the indemnity was used—The Vienna crisis—Bismarck's view of the effects of the indemnity—Mr. Norman Angell's hypothesis—The effect of the indemnity on prices and wages—The indemnity cost Germany dearly.

HARDEN added an objective argument to the rhetorical outburst previously quoted. He said that "the most profitable achievement of the Germans in the nineteenth century was the war of 1870." He thus depicted his countrymen as a band of highwaymen counting their five milliards* of war indemnity.

He remembered that the last instalment was paid on September 5th, 1873, though it was not due until March 2nd, 1874. This fact convinced the Germans that they had been too modest in their demands. Their mistake prompted them to threaten France in 1875. If they renewed the contest they meant to "bleed France white." Before the present war German writers spoke freely of exacting an indemnity of thirty milliards from France. It would give them the double satisfaction of enriching Germany and ruining the nation which had survived all its defeats at their hands. These brigand instincts are largely responsible for the present conflict. The actual cost of that conflict as well as the outlay on military preparation in 1912 and 1903 would be recovered by robbing the vanquished. Thus the German taxpayers would be reimbursed. True, several tens of thousands of them would lose their lives in that profitable affair, but that was nothing.

Did the effects of the war indemnity of 1871 justify the Germans in entertaining such extravagant hopes?

* A milliard = a thousand million francs.

The German Government received £200,000,000, but they did not distribute the money among the population.

Sir Robert Giffen* estimates the cost of the war of 1870–1871 to Germany thus:

Direct losses	£66,000,000
Indirect losses	£50,000,000
Total	£116,000,000

The capital represented by the human lives lost is not included. Sir Robert Giffen estimated it at £30,000,000—a very low figure. Even excluding this item, the war indemnity only exceeded the actual loss to Germany by about £80,000,000.

It has been said that the indemnity conferred a tangible advantage on Germany by enabling her to adopt a gold standard. Doubtless that is partly true, but it is ridiculous to pretend that the money flowed over Germany in one great golden wave. I give the final figures of the indemnity:

	Francs.
Principal	5,000,000,000
Interest	302,123,000
Cost of discount and conversion of foreign bills at the expense of the French Government	13,635,000
Total	5,315,758,000

The German Government made an allowance of £13,000,000 as the value of that part of the Chemin de fer de l'Est, which they took over in the annexed provinces.

The amount of French gold and silver sent in payment to Germany was only 512,294,933 francs. The remaining 4,353,365,519 francs was paid in German coin and notes and commercial bills. Of that total, bills represented 4,248,326,374 francs and fell into two classes:

	Francs.
German "liberative" bills	2,799,514,184
Bills other than German bills, including Marksbanco, Hamburg money of account	1,448,812,190

These are the figures given by M. Léon Say in his report of 1874.

While the instalments were being paid off the exchanges were in favour of Germany; but as soon as the whole had been liquidated

* *Essays in Finance.* "The Cost of the Franco-German War."

gold began to leave Germany. Between July, 1874, and the beginning of 1875 gold to the value of £25,000,000 went out of Germany. The Bank of Prussia was compelled to raise its discount rate to six per cent., and began to pay in silver thalers, which had "provisionally" kept their liberative power, instead of in gold.

The single gold standard was adopted on the 9th of July, 1873. A large part of the indemnity had been paid in silver. The German Government lost 15 per cent., or £4,800,000, on its sales of silver, which amounted to £32,000,000.

Of the 5,315 million francs of the indemnity, the German Empire kept 2,050 millions and divided the rest between the different States. The Confederation of the North received about 2,800 millions and the other States the remainder. Details are lacking as to how these amounts were spent, but it is supposed that they were devoted to making good the damage resulting from the war or military purposes.

The Empire only spent about 56 million francs for civil purposes, 25,500,000 francs towards buildings for the Reichstag, and the remainder on the Alsace-Lorraine railways and the Luxemburg line. A thousand millions was put at the uncontrolled disposal of the Chancellor. While the funds were waiting to be appropriated, part to the construction and repair of fortresses, they were lent at interest to the banks and the pension fund for soldiers.

The Confederation of the North paid off £13,000,000 borrowed for the war. The sum of £6,000,000 was deposited in the fortress of Spandau as a war chest. In March, 1915, England received several quite new one-pound pieces, the dates of which showed that they must have been part of it.

The Government used the indemnity to pay their debts for war material, as well as to renew and increase their stocks. Much of it was devoted to fortress construction. It therefore promoted activity in certain industries, but only for the benefit of enterprises which, so far from being productive, involved an ever-increasing outlay.

Professor Adolph Wagner, examining the uses to which the war indemnity was put, has expressed regret that it was not devoted to great works of public utility.

In the "Black May" of 1873 there was a severe financial crisis in Austria, which extended to Germany and the whole world. It was due to the wholesale absorption of capital for war purposes, in railway construction in the United States, which had doubled its mileage in seven years, Russia, whose mileage of 11,875 miles had been the

work of the years since 1868, and in Austria, where the mileage had increased by 4,000. The loans of Brazil, La Plata, Chile and Peru, not to mention those of Honduras, Paraguay, San Domingo and Costa Rica, had also contributed.

The crisis resulted, as crises always result, from the destruction of capital or the conversion of circulating into fixed capital.* The war indemnity did not save Germany from its effects. It has even been said that it was one of the causes of the financial depression in that country. This is an exaggeration.† All that can be said is that it did not prevent it.

When Bismarck introduced his protective legislation on March 2nd, 1879, he compared the relative positions of France and Germany, and declared that the war indemnity of 1871 had not enriched Germany.

On November 29th, two years later, he said :

" About 1877, for the first time, I was struck with the general and increasing distress in Germany, as compared with France. I have witnessed a diminution of the general well-being."

He was not merely speechifying. Busch, his biographer, expressed a similar opinion in private conversation : ‡

" In the long run the [French] milliards were no blessing, at least not for our manufacturers, as they led to over-production. It was merely the bankers who benefited, and of these only the big ones."

In " The Great Illusion " Norman Angell takes a hypothetical case, and postulates that Germany extracts an indemnity of £1,000,000,000 from Great Britain. If these millions are paid in real wealth—that is, products and goods directly or indirectly useful for existence—they mean a wholesale invasion of imports which would be anathema to Protectionists. But Mr. Angell also postulates that this indemnity would entail a rise in prices. Now if it meant an increase of imports, that in itself ought to lower prices. It could only raise prices if it stimulated demand and commercial activity.

Mr. Horace Handley O'Farrell, in his study, " The Franco-German War Indemnity and its Economic Results," has taken two tables

* Yves Guyot : *La Science Économique. Journal des Économistes,* August, 1913.

† Sir Robert Giffen : *Essays in Finance.* " The Liquidations of 1873–1876."

‡ *Bismarck.* Vol. III., p. 161.

from the "First Fiscal Blue-book" (Cd. 1,761). To arrive at the figures for real wages, he has divided the figures for nominal wages by the index number for prices.

The figures for German wages are those of Krupp's.

	Prices and Wages in Germany.			Prices and Wages in France.		
Year.	Prices (1900=100).	Nominal (Money) Wages (1900=100).	Real Wages o.	Prices (1900=100).	Nominal (Money) Wages (1900=100).	Real Wages o.
1870	111	64	.581	Not available.	Not available.	Not available.
1871	117	63	.540	104	74	.712
1872	130	71	.545	111	74.5	.672
1873	135	78	.576	110	75	.682
1874	124	81	.653	101	75	.743
1875	116	81	.695	102	75	.735
1876	113	76	.672	100	76.5	.765
1877	113.5	70	.616	102	78.5	.785
1878	104	67	.654	89	79	.870
1879	94.5	63	.666	86	79	.920
1880	105.5	67	.635	80	84	1.050

These figures show that there was a marked rise in prices in Germany in 1872 and 1873, followed by a fall which brought them below the figure of 1870. Wages only rose afterwards, in accordance with an almost universal rule, and then fell likewise; but as prices were below the level of 1870, there was an actual rise in real wages.

In France a rise was also observable in 1872 and 1873, but it was not so marked as in Germany. The rise in nominal wages was not great, but in view of the fall in prices the rise in real wages in France was actually 47 per cent. as compared with 1871, while in Germany it was only 17 per cent.

There is no doubt that Krupp's benefited greatly from the war indemnity. They had been paid in full for the war material they had supplied and received large orders for the new material to replace that consumed in the war. Their workpeople were therefore in a position to derive advantage from the indemnity, yet the fact remains that, in respect of wage advances, they were a long way behind the French workpeople.

In all cases of robbery the loss to the victim exceeds the gain to the robber. Robbery is an occupation that has its risks. The damages of war are not merely to be reckoned in terms of human life.

It involves costly preparation and ruinous expense. Sir Robert Giffen calculated that the real figure of the indemnity received by Germany was not more than £80,000,000.

The indemnity is not a tenth part of the sum Germany has spent on armaments since she pocketed it and up to the outbreak of the present war. And Germany has forced France, Russia and England to arm. She has driven them to a coalition against her. To-day the £80,000,000 net that she received has vanished under the mountain of millions she has spent since August, 1914, to which will be added the indemnity that she in her turn will have to pay.

Germans who are still capable of reflection will leave to Harden the inspiration that "the most profitable achievement of the Germans in the nineteenth century was the war of 1870."

CHAPTER XVII

THE BURDEN OF ARMAMENTS

The Seven-Year and Five-Year Bills—The Reichstag's opposition—The Laws of March 27th, 1911; June 14th, 1912 and July 3rd, 1913—The Slav Peril and Herr von Bethmann-Hollweg's speech on April 7th, 1913—An ever-expanding budget—The accumulation of debt between 1900 and 1909—The subscriptions to the loans of March, 1913—The levy on property—Its character—Miscalculations—Incitements to waste—The naval and military expenditure of the German Empire imposed a similar burden on other countries.

WE have seen the Seven-Years Law in operation under the Bismarck régime, and that the ever-increasing expenditure on the army met with opposition in the Reichstag.

The Army Bill of November 25th, 1886, was opposed by the Centre, led by Windhorst; the Liberals, led by Richter; and the Socialists, led by Grillenberger. On the 14th of January, 1887, the Reichstag adopted an amendment of Stauffenberg, reducing the period of its operation to three years. Bismarck immediately read a message from the Emperor dissolving the chamber. In the ensuing elections the Bill was approved by 227 votes to 31, with 84 abstentions. When the Chancellor, Caprivi, introduced a Bill for the period 1893–1899, increasing the army effectives to 492,068, the commission engaged on its examination threw it out on January 12th, 1893. On the 6th of May Caprivi had to dissolve the Reichstag, but on July 15th the Bill was duly passed by 201 votes to 185.

In each case the opposition of the Reichstag was not ratified by the country.

We have also seen that while the Seven-Years Law pledged the Reichstag to a certain minimum of military expenditure, it did not bind the Chancellor. This was equally true of the Five-Years Law of March 27th, 1911. It was followed by the Law of the 14th of June, 1912, which added 29,000 men on a peace footing to the 10,000 men added in the preceding year, and increased the first estimates by the sum of £43,000,000, spread over the financial years 1912–1917.

Next came the Law of July 3rd, 1913, which was the consequence of the Balkan Wars. We have seen that the Germans of Central Europe are outnumbered by the Slavs. From the 65 millions which form the population of Germany itself, three million Poles in the Duchy of Posen must be deducted, not to mention a million foreigners. If the twelve million Germans in the Austro-Hungarian Empire be added, we have a maximum of 74 million Germans. Now Russia in Europe alone has a population of 132 millions, and its rate of increase is higher than that of Germany. If we deduct from the Austro-Hungarian population (less the German element) ten million Magyars and three million Roumanians, there remain more than twenty-five million Slavs in the Dual Monarchy.

When Germany compares herself with France she boasts of her numbers, but when she compares herself with Russia the thought of numbers is a nightmare.

Addressing the Reichstag on April 7th, 1913, Herr von Bethmann-Hollweg declared that though Germany wanted to be prepared for war, all her desires centred on peace. Peace would be assured were it not for evilly-disposed neighbours. But what of Germany's neighbours? The Chancellor announced that Germany's relations with Russia were cordial and expressed his belief that a race-war was improbable. He stated that Germany was on good terms with Great Britain. What of France? He indulged in a tirade against French Chauvinists. But if the French Chauvinists had not ceased their idle clamour they were neither as ambitious nor as vociferous as the Pan-Germans. Every year Germany trained 280,000 recruits, and put 60,000 men on one side. In his speech, the Chancellor, Herr von Bethmann-Hollweg, put the following question: "Ought we to pay for the luxury of denying ourselves thousands of trained men when we might have all these thousands of soldiers?"

The Army Bill* of 1913 proposed to add 4,000 officers, 15,000 non-commissioned officers, 117,000 men and 27,000 horses to the peace establishment. It fixed the number of units in the different armies at 669 battalions, instead of 651; 550 squadrons of cavalry, instead of 516; 633 batteries of field artillery (no increase); 55 battalions of foot artillery, instead of 48; 44 battalions of pioneers, instead of 33; 31 battalions of communication troops, instead of 18; 28 train battalions, instead of 25. The new establishment set up by this Bill

* *La Vie Militaire en France et à l'Étranger*, 2e Année, 1912–1913, p. 222 etc. (F. Alcan).

was 36,000 officers, 110,000 non-commissioned officers, instead of 95,000; 661,000 men, instead of 544,000. To these we must add 6,000 superior and 4,000 inferior clerks, whose services are performed by soldiers in France, and 18,000 one-year volunteers, instead of 14,000. These figures give a total of 835,000, and with the additional incorporations the establishment was expected to reach 870,000 by the beginning of spring. All the provisions of the Bill were to have been put into operation by the 1st of October, 1915; but as regards the three principal armies, the changes had been effected by the 1st of October, 1913.

All these ever-elastic bills, Seven-Year and Five-Year, illustrated the common defect of financial estimates. At the time they were passed each of them contemplated a certain definite figure for the expenditure they involved; but when they expired, it was discovered that most of that expenditure was continuing.

In 1872 the estimated Imperial expenditure was £22,100,000*, of which £13,200,000 was for the army and £1,200,000 for the navy. In 1912–1913 the expenditure on the army and navy amounted to £65,450,000. If the Soldiers' Pension Fund and the loan raised for national defence are added, the total was about £76,400,000.

The expenditure of the Empire and the federated States for 1912–1913, according to Herr Wermuth, the Finance Minister, was £422,000,000, or £255,000,000, if self-balancing items are deducted. At the end of 1870 the imperial debt amounted to £24,000,000. In 1880 it was £61,000,000.

In 1912 Herr Wermuth stated that between 1900 and 1909 the Empire had had to borrow no less than £132,000,000.

"Fourteen per cent. of the total," he said, "had been allocated to productive expenditure, such as the post office and the railways; the remaining 86 per cent. represents the balance, more or less disguised, of the ordinary and extraordinary expenditure; 60 per cent. went to the army and navy, more than 14 per cent. to the expeditions in Eastern Asia and South-West Africa. A small part was devoted to the construction and widening of the Kaiser-Wilhelm Canal, and the administration of the Protectorates. It cannot be doubted that the rest represented loans to cover the annual deficits."

He added:

"To be meeting the cost of armaments during a long period of peace by means of loans that are never reduced, is merely to shift the responsibility for assuring the safety of the nation on to the shoulders of the next generation, and in that way imposes a double burden on that generation."

* Calculated on the basis of 20 marks=19/7.

In the first week of March, 1913, the Germans were called upon to subscribe to two loans, one of £7,350,000 of Government stock of the Empire and Prussia, the second of £20,000,000 of Prussian four per cent. exchequer bills, issued at ninety-nine and repayable in five years.

The Government stock was over-subscribed to the amount of 40 per cent., the total reaching £10,000,000; but the subscription of Treasury bills only produced half the sum required, though all the great banks had prophesied a success. As a matter of fact, the number of individual subscribers to both loans was very small.

The expenditure involved in the two Army and Navy Bills of 1911 and 1912, and still to be covered, was in addition to the £27,500,000, which were to be spread over four years. In addition, there were deficits. The yield of the duty on spirits had been estimated at £1,800,000. The figure had been only £900,000. The surplus of the customs revenue had been estimated at £2,250,000, but the surplus realized had been only £1,400,000.

Such was the financial situation in 1913 when the military measures of that year demanded an additional expenditure of £50,000,000. This demand was met by the imposition of a levy on capital, the proceeds of which were to be devoted exclusively to the one object. The Socialists were delighted. "It is a bold step in the direction of Socialism," they cried. Militarist megalomania was itself forging the key which would open the strong boxes of capitalism to the Social Revolution! But their delight was tempered with scepticism. The new military system involved an additional annual expenditure of twelve to fourteen million pounds. What measure of taxation would be needed to produce that sum? For while the levy on capital would be a temporary expedient, other impositions would be permanent.

The announcement of the levy was followed by immediate financial depression, and the discount rate went up to five per cent. The Frankfort Gazette said: "Behind an affectation of approval we see hesitation and head-shakings." It confessed that there was a suspicion that the mere threat of the levy had led to the export of capital, with its two attendant dangers—diminution of the available capital and depletion of the stock of gold.

German taxpayers are like the taxpayers of all other countries in resenting additions to their financial burdens.

The levy on capital was not an imperial imposition. The Confederate States contributed a fixed proportion of one mark per head

of population. It was raised to two marks, but was then not levied per head of population, but on assessed capital. These States had to raise the additional sum by means of a tax on capital, death duties, and other expedients of the same kind. The choice was left to their respective Diets.

When Herr Lucke, a National Liberal deputy, advocated death duties, the Chancellor opposed the suggestion vigorously on the ground that it would be likely to produce serious friction with the States.

The new law embodied a fiscal amnesty for all who voluntarily rectified previous false declarations of capital and property. This clause, however, brought in no great windfall, for false declarations continued. The yield of the levy had been estimated at £74,000,000, which it was hoped would render the third year's contribution unnecessary. The yield was only £49,000,000. Berlin and its suburbs had been expected to produce £10,000,000. It only produced £7,100,000. The capital of Frankfort had been assessed at £162,000,000, which would have produced £2,250,000. Frankfort only furnished £1,750,000.

For the fiscal year 1914–1915 the Budget of the German Empire was made out as follows:

Total receipts, £430,895,000, in which Post Office and Telegraphs figured for £41,050,000, railways for £8,100,000, miscellaneous receipts for £41,000,000, and extraordinary receipts, the proceeds of the loan, for £264,400,000.

The ordinary recurring expenditure was £130,850,000, the non-recurring was £36,125,000. The extraordinary expenditure was £264,350,000. The total was thus £431,200,000.

	Recurring Expenditure.	Non-recurring Expenditure.	Extraordinary Expenditure.
	(Million pounds.)		
Ordinary Army Estimates	42.68	16.6	—
Ordinary Navy Estimates	11.05	11.5	1.45
Extraordinary War Estimate	—	—	261
		(Million pounds.)	
Imperial Interest-bearing Debt		235	
Non Interest-bearing:			
Exchequer Bonds	8		
Paper Money	6		
	—	14	
Total		249	

A Berlin note of the 11th of July, 1914, announced that there would be additional taxation in the autumn for naval purposes.

Professors Delbrück and Ballod justified the ever-increasing expenditure with these words of List:

"Nations whose destinies call to the sea mock at the parsimony of those who cling to the land."

Unfortunately every increase in the naval and military expenditure of Germany was followed by a corresponding increase in that of France, Great Britain and Russia. Germany, breathless but unwilling to fall out, was doomed to exhaustion in such a contest. She could only end it by bringing about a catastrophe.

CHAPTER XVIII

THE FACTOR OF SOCIALISM

The spread of Socialism—Its influence at the polls—Agrarians and Socialists—The protection of foodstuffs—The failure of the Insurance Scheme—The fall in wages in 1914—" Red Internationalism " and " Red Nationalism."

THE attitude of the Socialist Party must always be reckoned among the factors which urged the Kaiser to make his " preventive " war in 1914.

Of the 397 members of the Reichstag, the number of Socialist deputies returned at each election since 1898 was :

1898.	1903.	1907.	1912.
56	82	43	110

The Socialist party has replaced the Centre, which was formerly the most influential *bloc* in the Reichstag. Further, the number of deputies does not reflect the voting power of Socialism in the country. The elections are based on the census returns of 1867, so that many an industrial district only elects one Socialist member, although its increased population would entitle it to several. The number of votes cast for Socialists was 4,239,000, 991,000 more than in 1907. Added to the other opposition votes, the total reached 7,524,000, whereas the Government only polled 4,664,000 votes.

There are also 221 Socialists in the Diets of the different States. Bavaria has thirty. They form the majority in Schwartzburg Rudolstadt, though the Diet has been twice dissolved. The Socialist party had eighty-five daily papers, including the *Vorwärts*.

In 1914 they had a " Red Week," in which the membership of the party was increased by 132,200 and brought up to 1,115,000.

The Emperor has more than once hurled maledictions against the Socialists. Such were the results. Socialist propaganda made headway even in the army. Rosa Luxemburg opened a campaign to denounce the ill-treatment of the men and was duly prosecuted. She asked leave to call 925 witnesses. The Government was alarmed and dropped the charge.

The Government's agrarian policy furnished the Socialists with a whole armoury of arguments. In 1911 they pointed to the ruling prices of wheat (per metric ton):

	Shillings.
Berlin	207
New York	150
Liverpool	163
Paris	202

In the debates which took place at the end of November the Ministers declared that the public must decrease their consumption of meat, but that the new regulations touched the middle as well as the working class. Herr von Schorlemer-Lieser, the Prussian Minister of Agriculture, said: "Those affected are not merely the workmen, but the small clerks, artisans and traders;" and he added, by way of consolation: "Horse-meat is becoming more and more popular." Herr Delbrück, the Minister of the Interior, admitted that "the Tariff policy aimed at raising prices." Of course it was awkward for meat-eaters, but they must reconcile themselves to the change. This protectionist legislation was passed by a majority of 174, but there was a minority of 140 in favour of the abolition of all duties on food.

We must remember with what enthusiasm William II., in 1890, summoned to Berlin the Conference for the International Protection of Labour, which was originally to have been held at Berne. The failure of State Socialism, as inaugurated by Germany, has been exposed by a Professor of Berlin University,* Herr Ludwig Bernhard, who bases his conclusions on the evidence of several other professors, and one of the highest officials in the Imperial Insurance Bureau, Herr Friedensburg. He says that the wonderful system of State insurance has been responsible for the chronic condition of *Rentenhystérie* and malingering. Compulsory assistance has demoralized those it was meant to benefit. He also shows that the regulation of labour had introduced an element of oppressive control which threatened to destroy the spirit of enterprise.

The first half of 1913 had been a period of good times for the working classes. In the second half there was a fall in wages which continued

* See the *Journal des Économistes*, July, 1902. *La Faillite de la Politique Sociale Allemande*, par A. Raffalovich. *L'Industrie et les Industriels*, by Yves Guyot, Book IV., Ch. IX. (1914).

during the first three months of 1914, as the following figures show :*

Average Earnings of a Workman of the Ruhr Basin.

1st Quarter of 1913. (per day.)	1st Quarter of 1914. (per day.)	Quarterly earnings, 1913.	Quarterly earnings, 1914.
M. Pf.	M. Pf.	M.	M.
5 44	5 31	429	405

The Kaiser and several of his Ministers have regarded the war as a means of shelving these difficult problems and transforming the Socialist party from the Opposition into the national party, bound to the Kaiser, the supreme chief of the army and the personification of the German Empire. He adopted the idea of Herr Fendrich, formerly deputy of the Diet of Baden, who proposed to substitute " red nationalism " for " red internationalism."

* *Comité des Houillères*, N. 4,983, June 25, 1914.

CHAPTER XIX

THE CONFLICT OF THE TWO CIVILIZATIONS

The immediate causes of the war—A "preventive" war—The conflict between a militarist civilization and a productive one.

FROM the foregoing recital of facts we can draw the following conclusions.

The Kaiser and the forward party wanted to settle internal difficulties by provoking a great crisis. The idea reminds one of the great catastrophe which always forms a lurid background to the dreamings of revolutionary Socialists, and which Karl Marx and Engels proclaimed to be near at hand. A great war would consign to oblivion the revelations of the extraordinary morals of the Emperor's favourites, Prince von Eulenburg, Count von Sanders and others. It would conceal the political anarchy in which the German Government was floundering. It would reconstitute the army, the weaknesses of which had been exposed in Franz Adam Beyerlein's book, "Jena or Sedan." It would restore its prestige, which had been shaken by affairs such as the Zabern incident.*

An article in the *Cologne Gazette* of March 2nd, 1914, announced that by 1917 Russia would have completed the reorganization of her army, constructed a formidable Baltic fleet, fortified the Gulf of Finland, reconstituted her corps of officers, and built a system of strategic railways in Poland. Further, the Russo-German commercial treaty would fall to be renewed in 1917. By crushing Russia beforehand Germany would be able to impose what conditions she pleased.

It would be necessary to overthrow France so completely that she would never again stand in the way of Germany's international ambitions. France had pinned her faith to her Three Years Law. She had called up two classes and dismissed the third class. Her army would be much stronger in 1915, 1916 and 1917. The French Socialists

* *Supra*, Part I., Ch. V., "The Kaiser's Government."

had voted in favour of a general strike in case of war. French finances were in disorder. Several Ministers had voted against the Three Years Law. A senator, M. Humbert, had exposed many cases of flagrant maladministration in the army. It would be a case of the 1870 army over again, and this time without a commander of renown.

Great Britain was still spending millions on her fleet. Germany would be exhausted before British determination and resources were vitally impaired. It was essential to make the best use of what they had, and therefore the occasion was favourable for a preventive war.

By declaring war in 1914 the Kaiser only antedated the event to secure more favourable conditions of success, for this war was the inevitable consequence of his policy, which was the expression of the doctrine which places militarism above all the needs of civilization, war being a necessity to the State.

M. Léon Hennebicq, a Belgian, waxes enthusiastic over Germanic Imperialism in his book, " L'Impérialisme Economique Anglais " :

" Germany, aggressive and methodical, has increased her trade and industry by applying the principles of her General Staff in the field of economic warfare. It is a military Imperialism " (p. 276).

Imperialism, economic or otherwise, is only a consecration of force, the *ultima ratio*. The economic policy of the German Empire is a relic of the system in which the State made trade for the citizens. But the expression " Economic Imperialism " is a contradiction in terms, for Imperialism implies acquisition by force, without exchange, whereas economic action implies acquisition by production or exchange.

A productive civilization is based on freedom of contract, a militarist civilization on the limitation of liberty.

The motive force of a productive civilization is economic competition ; that of a militarist civilization is political rivalry.

The most characteristic types of the two civilizations are those of Great Britain and Germany.

Hence the insane jealousy of Great Britain displayed by Germany.

The present war is a conflict between these two civilizations. It can only end in the final triumph of the productive over the militarist civilization.

PART III

THE HISTORICAL CAUSES

THE CONSTITUTION OF THE GERMAN EMPIRE

CHAPTER I

THE HOLY ROMAN EMPIRE AND THE PEACE OF WESTPHALIA

The coronation of Charlemagne—The Treaty of Verdun (843)—Historic law—Lothair's portion—Germany—The Holy Roman Empire—Anarchy in Germany—The Electors—The Hapsburg—France and the Thirty Years War—The relation of France with Alsace—France the Peace-maker—The services rendered by France—The Elector of Brandenburg—Character of the Peace of Westphalia—Prussia undermines French influence.

WHAT are the characters and antecedents of the foes with whom the Allies are fighting to-day?

The German Empire, Austria-Hungary and Turkey are not unitary States like Great Britain, France or Russia. We must analyse the different elements which have gone to make up the enemy empires before we can estimate their solidarity and the chances of dissolution or reorganization.

A survey of their history is indispensable but we will start with the day on which Charlemagne, kneeling in the basilica of St. Peter at Rome, received the imperial crown at the hands of Pope Leo III. during the Christmas festival in the year 800 A.D. This coronation gave him unlimited powers to "defend the Faith against the heretic and to carry it abroad into heathen lands."

Charlemagne's Empire was divided up by the Treaty of Verdun (A.D. 843).

It has always been said that this treaty was the origin of the historic law of Europe. The law of what? And for whom? It gave to Lothair, with the title of Emperor, Italy and a large stretch of territory which had not even the Rhone for its western boundary, but included Vivier and Uzès. On the north-west it took in Cambrai, but not Ghent. It is said that it was bounded on the east by the Rhine, but it actually extended to the mouth of the Weser. Louis the German had Speyer and a large enclave on the left bank of the Rhine. The frontiers were not conterminous with the boundaries

of the archbishoprics of Cologne, Reims and Lyons, nor with those of the dioceses of Mainz and Besançon.

The Frankish Kings on one side and the German Emperors on the other fought to conquer or keep the territories which the Treaty of Verdun had assigned to neither party. All it had done was to create a territorial bone of contention.

The Germans assert that the national existence of Germany dates from the Treaty of Verdun; yet the history of Germany is the story of a feudal anarchy in which the seigneurs bear a close resemblance to bandits, a resemblance which has not disappeared with the lapse of centuries.

There were four original German duchies, Bavaria, Swabia, Franconia and Saxony. Their dukes were absolute sovereigns with their own courts, armies and diets. Each duchy was divided into counties. The counties on the frontiers were called "Marks," the rulers of which were the "Margraves" (Markgraf).

The peoples of these duchies spoke different languages and had different customs and laws. There was, indeed, a nominal king, but it was not before the reign (A.D. 919) of Henry the Fowler, of the House of Saxony, that he began to exercise any real authority. In 962, Otto, summoned to Italy by the Romans, the Lombards and probably Pope John XII., re-established the Empire. He spent his reign in conflicts with the anarchical tendencies of Germany, foreign invaders and especially the Popes and Italian factions. Rome was the capital of the Empire, but when the Emperor desired to visit it he generally had to lay siege to it.

The struggle of Pope and Emperor is a familiar story. The legends that have gathered round the name of Frederick Barbarossa are the highest expression of the power of the Hohenstaufens. When the conflict came to an end in the middle of the thirteenth century, both the antagonists were exhausted.

The Pragmatic Sanction, drawn up by the States at Frankfort in 1338, asserted that the majesty of the imperial authority came from God alone; that it was confirmed solely by the election of the prince electors, and that the Holy See had no right to approve or veto the choice of the electors. The Golden Bull of 1356 prescribed the regulations for the election of the Emperor. The number of electors was fixed at seven, three of them to be ecclesiastics, the Archbishops of Mainz, Treves and Cologne, and four secular, the King of Bohemia, the Count Palatine of the Rhine, the Duke of Saxony and the Mar-

grave of Brandenburg. The Emperor maintained the electoral rights of the great ecclesiastics of the Rhine valley because he needed their support against the feudal nobility, virtually independent and always hostile.

The title of Holy Roman Emperor gave its possessor neither lands, men, nor money. The electors were concerned to see that the Emperor was not too powerful. Hence their preference for princelings, such as Rudolph of Hapsburg. They were anxious that the dignity should not become hereditary, but it none the less became hereditary in the House of Hapsburg after 1438. Maximilian (1493–1519) added large stretches of territory to the ancient Austrian possessions.

Every Emperor felt himself under an obligation to undertake an expedition into Italy. There they came in contact with the Franks. The hostility of both Pope and Emperor to the Kings of France, subject to the jurisdiction of neither, was a bond of sympathy between them.

In 1519 Francis I. of France was a rival candidate to Charles, grandson of Maximilian, for the imperial dignity. Thus began that series of wars between Austria and France, broken only by the Seven Years War, which lasted to 1859.

Richelieu intervened in the Thirty Years War when he appealed to the King of Sweden to save Germany from the ravages of Tilly and Wallenstein's hordes. By the Treaty of Paris of November 1st, 1634, the Swedes asked the King of France to take possession of Alsace, as protector, on condition that the Protestant princes and States concluded no peace or truce with the Emperor without the consent of France and Sweden.

The war continued for a further fourteen years with armies which consisted largely of personal followers of their generals, who could only offer them pillage for pay. When all the booty was exhausted the armies perished of hunger, without any vital military operations having taken place. The French, so far from prolonging these misfortunes, put an end to them by their intervention in concert with Sweden.

The Treaty of Westphalia was inspired by the book of the jurist Chemnitz, "De Ratione Status in Imperio Nostro Romanico-Germanico." The diplomats merely applied it.* Chemnitz laid down that the German constitution ought to be regarded as a product of the national soil, and that it was impossible, and indeed ridiculous,

* Bryce: *The Holy Roman Empire.* Ch. xix.

to apply to Germany the so-called *lex regia* and the whole absolutist system of Justinian which the Emperors had established. He went on to denounce the House of Hapsburg and its incessant quarrels with the nobility and to anticipate the downfall of the House of Austria.

The Emperor was to recognize the sovereignty of all the princes, Catholic and Protestant without distinction, over their respective territories. The Princes and States of Germany were to enjoy in all the national assemblies a free and deciding voice on all questions of imperial policy, new legislation, the declaration of war, the raising of troops, and the imposition of taxation in the interests of the Federation. The free towns were to have a deciding voice in the local diets. The electors and princes might make alliances together, and even with foreign powers, provided that these were not aimed at the Emperor or the Empire.

Among those who profited most by the Treaty of Westphalia was the Elector of Brandenburg to whom d'Avaux, the French Minister, wrote: "Monsieur, I have done all that I could to serve you." He lost Upper Pomerania, but gained the fertile country of Magdeburg, the bishoprics of Cammin and Halberstadt and the principality of Minden.

France had paid the Swedes and given various subsidies during the Thirty Years War. She demanded no indemnity from the stricken lands but contented herself with the recognition of her claims to the three bishoprics of Verdun, Toul and Metz, and Alsace without Strasburg. She gave the Archdukes of the Tyrol three million livres for Alsace and Sundgau. She retained old Breisach and its dependencies and the right of garrisoning Philipsburg. Strasburg attached itself to France in 1682, and later she acquired Pignerol and Casal in full sovereignty, independent of the Empire.

Holland and Switzerland were declared autonomous States. An eighth electorate was created in favour of the Palatinate.

The Protestant and Catholic States were put on the same footing. Lutherans and Calvinists were to be outside the jurisdiction of the Papacy and all other Catholic States.

This treaty marked the abrogation of the temporal authority of Rome. The Emperor Ferdinand had deprived the Protestants of the privileges won by the Peace of Passau, and France and Sweden were of one mind to restore them. They reverted to the religious situation of 1624, the sixth year of the war, except in the Palatinate and the Palatine territories, where the situation of 1619 was restored.

The possession of the ecclesiastical property which had passed into the hands of the Protestants was duly confirmed to them. Austria was excluded from the scope of the treaty except for Silesia, where the Lutherans gained the right to build new churches.

The Treaty of Westphalia was signed at Münster and Osnabruck on October 14th, 1648, as a "fundamental and perpetual law." The Pope launched a Bull against it, but the Bull was without effect. However, it was manifest that the Emperor had been shorn of the absolute powers conferred on Charlemagne by the Pope "to defend the Faith against the heretic and to carry it abroad into heathen lands."

This treaty gave peace to Germany, harried and distracted, but she owed it to the efforts of France and Sweden. Germany continued to be spoken of as the Empire, as the seat of the Roman Empire; but the Emperor had no longer any possessions in Italy, and even in Germany he was only the titular head of a republic of principalities and towns.

It was by virtue of his imperial authority that the Emperor Leopold I. conferred the title of King of Prussia on the Elector of Brandenburg. Prussia, however, was a little patch of territory on the banks of the Niemen, and was not incorporated in the Empire. The King of Prussia remained Elector of Brandenburg.

The Treaties of Utrecht (1713) and Rastadt (1714) gave the Emperor the Low Countries, Naples, Sardinia, the Milanese and Tuscany, and once more turned imperial policy towards Italy.

Prussians are in the habit of speaking of the French as "the hereditary enemy," yet the importance of Prussia dates from the Treaty of Westphalia in which France played a part they cannot ignore.

Frederick William, the father of Frederick the Great who was the ally of Austria, was anxious to destroy French influence in Germany. In 1733 he concluded an agreement with Austria and Russia to prevent the election of Stanislaus Leszczinski, the French candidate, to the throne of Poland.

CHAPTER II

FRANCE AND PRUSSIA FROM 1735 TO 1814

France as the ally of Prussia—The Treaty of Aix-la-Chapelle (1748)—France allied to Austria during the Seven Years War—The Brunswick manifesto in 1792—The Treaty of Bâle in 1795—The Franco-Prussian Agreement—The Treaty of Lunéville—The gains of Prussia and Austria—The Holy Roman Empire becomes Protestant—The Diet of Ratisbon—Napoleon's mistake—The Convention of Potsdam and the results of Austerlitz—The Peace of Pressburg—The Confederation of the Rhine (July 12th, 1806)—The end of the Holy Roman Empire—Napoleon the heir of Charlemagne—The war with Prussia—The Treaty of Tilsit—Napoleon's acts—Stein—General Scharnhorst—Prussia's offers to France—Yorck and the Prussian forces after the Russian campaign—Hardenberg: bribes to France—Prussia's indifference to the fate of Germany—The Treaty of Kalisch—The King of Prussia's summons to his people—The Treaty of Paris—The Germanic Confederation.

WHEN Frederick the Great set out to conquer Silesia he asked for an alliance with France. France sent 40,000 men into Bavaria instead of invading the Low Countries. Maria Theresa abandoned Silesia to Prussia. The French army was besieged in Prague, and France found herself in arms against all Europe after having fought for the sole advantage of Prussia. After continuing the war for five years France surrendered, by the Treaty of Aix-la-Chapelle, all the Low Countries, the larger part of which was in her occupation. Madame de Pompadour had said to the French envoys: "Do not return without peace. It is the King's wish."

It is true that during the Seven Years War France was the ally of Maria Theresa against Frederick the Great. The situation marked a revolution in her diplomacy. Frederick beat the Saxons so thoroughly that he incorporated their forces in his own; but if he triumphed over the coalition against him, it was largely due to the incompetence of the French generals. He was able to pit Prussia, a powerful Protestant and unified State, against Austria, Catholic and a medley of different races.

Maria Theresa bought the succession to the Electorate of Bavaria

from its direct heir, the Elector Palatine. Frederick opposed this step and was supported by France and Russia (1779).

During the eighteenth century France was at one time the enemy, at another the ally, of Prussia. On the 27th of August, 1791, the King of Prussia, Frederick William, and the Emperor Leopold II. met at Pilnitz, near Dresden, and announced their intention of intervening in favour of Louis XVI. On the 25th of July, 1792, the Duke of Brunswick, commanding the Prussian army, issued a manifesto threatening to deliver over the capital of France to a military execution unless Louis XVI. were restored to all his rights. This manifesto produced the events of the 10th of August. The Prussians were beaten at Valmy on the 20th of September, 1792, and in 1795 the King of Prussia abandoned the enemies of the Revolution by the Treaty of Bâle. The instructions given to Count Golz, the Prussian Minister, included the intimation that "Prussia had always had a friendly feeling for France, as his Majesty had proved more than once in the course of the war."*

This treaty and its supplementary articles gave France the Rhine Provinces, while the circles of Westphalia, Lower and Upper Saxony, and the part of the two circles of the Rhine situated on the right bank of the Main formed a line of demarcation, the neutrality of which Prussia undertook to respect.

France was virtually granting Prussia a protectorate over Northern Germany. Prussia, by making a separate peace, betrayed the Holy Roman Empire.

By the Treaty of Lunéville (February 9th, 1801) Prussia offered to adapt her foreign policy to that of the First Consul, to conclude a formal alliance with him and to guarantee all his territorial arrangements in Italy. The treaty provided that all the lay princes with possessions on the left bank of the Rhine which passed to France should be indemnified. The indemnities were raised by a method which had already been employed during the Reformation, and at the time of the Peace of Westphalia—the secularization of the ecclesiastical states. Catholic Austria, as well as Lutheran Prussia, regarded those territories, with their inhabitants, as so much property, the fair subject of bargain. Austria took for the Emperor's relations, two Italian archdukes, and Prussia for the Stadtholder of

* *Histoire de la Prusse depuis la mort de Frédéric II. jusqu'à la bataille de Sadowa*, by Eugène Véron (Paris, F. Alcan). Thiers: *Histoire du Consulat et de l'Empire.*

Holland, none of whom had any interest in Germany, a quarter of the secularizations.

The First Consul, faced with the difficulty of satisfying so many demands, asked the Emperor of Russia to intervene at the same time as himself.

Prussia had lost on the left bank of the Rhine the duchies of Geldern and Jülich, the principality of Mœurs, and a part of the duchy of Cleves, territories with a population of 137,000 and a revenue of £120,000. By a compact of the 13th of May, 1802, with France, Prussia received in exchange the bishoprics of Paderborn and Hildesheim, Eichsfeldt, Erfurt, Untergleichen, the town and bishopric of Münster, with several other towns and abbeys. She gained a population of more than 400,000 by the exchange. The Prince of Nassau received the bishopric and abbey of Fulda and the abbeys of Corwen and Weingarten which were to revert to Prussia if the direct line failed.

The First Consul next came to an understanding with Baden, Würtemberg and the two Hesses, which were handsomely treated.

Austria, too, could not complain, for she received for the Archduke of Tuscany the bishoprics of Brixen, Trent, Salzburg, Passau (without the fortress of Passau) and Berchtesgaden, representing a revenue of 3,500,000 florins as compensation for the loss of a revenue of 2,500,000.

This remodelling involved a profound change in the constitution of the Holy Roman Empire. The electoral college was previously composed of eight members, but of the three ecclesiastical electors two had disappeared, the Archbishops of Cologne and Treves. There remained Bohemia, the Elector Palatine for Bavaria and the Palatinate, the King of Prussia for Brandenburg and the King of England for Hanover. Finally, the number of Electors was raised to ten, but the Protestants commanded six votes against four Catholic votes. If the Protestants had elected a new Emperor of their own faith, the Holy Roman Empire would have had for its head a heretic from whom the Pope could not have demanded a renewal of Charlemagne's oath against heretics.

The Catholic majority in the College of Princes, fifty-four votes to forty-three, likewise disappeared. Almost all the princes who succeeded to the ecclesiastical votes were Protestants, and therefore on the side of Prussia. Yet there were cross-divisions. Catholic Bavaria voted with Prussia against Austria and Protestant Saxony was always in opposition to Prussia, of whom she stood in fear.

On February 25th, 1803, the Diet of Ratisbon adopted the provisions of the Treaty of Lunéville. Sweden alone opposed them. The members of the Diet, far from concealing their satisfaction at the results achieved, were anxious that the execution of the treaty should be entrusted to France. Austria ratified it on the 24th of March, and, in breach of faith, seized the thirty million florins which had been deposited in the Bank of Vienna by the States recently secularized.

Bonaparte's policy had been clever, but after the rupture of the Treaty of Amiens in 1803 he sent forces to occupy Hanover, and the Czar was a guarantor of the execution of the arrangements come to at the Diet of Ratisbon. He had also extended his protection to the kingdom of Naples which Napoleon proceeded to occupy likewise. The seizure of the Duke d'Enghien on territory belonging to Baden was the immediate cause of the break with Russia. Napoleon was anxious to secure the help of Prussia, but that Power was alarmed at the occupation of Hanover and the closing of the Elbe and Weser. The Prussian aristocracy hated France. Queen Louisa had been won over by the Czar of Russia, Alexander. King Frederick William remained neutral. Before Austerlitz he dared not accept Hanover which Napoleon offered him, but while he made the Russians respect the neutrality of his territory the French armies violated it.

Then came the Convention of Potsdam between Alexander and the King of Prussia; but immediately after Austerlitz, the Prussian envoy at Vienna, Count Haugwitz, congratulated Napoleon on his victory. "That is a compliment the direction of which has been changed by fate," came the answer. But he made good use of it. On December 15th he signed with Haugwitz an offensive and defensive alliance giving Hanover to Prussia. He robbed her of 400,000 subjects and gave her a million. This treaty, however, was not ratified in Berlin. While the King of Prussia was wasting time in hesitation and vacillation, Napoleon decided to create the Confederation of the Rhine.

The Peace of Pressburg had expelled Austria from Italy and conferred important benefits on Bavaria. Napoleon gave the title of King to the Princes of Bavaria and Würtemberg. He first disclosed his scheme of confederation to those two sovereigns and the Grand Duke of Baden without troubling himself about the views of the other princes and the free cities, much less those of the populations concerned. He even made no attempt to preserve appearances, as he had in 1803. He handed the treaty for signature to the other

princes who were included in the Confederation without asking their opinion.

The Confederation was composed of two colleges. The College of Kings comprised the Prince Primate, ex-Elector of Mainz, the King of Bavaria who was given the free cities of Nuremburg and Ratisbon, the King of Würtemberg, the Grand Duke of Baden, the Grand Duke of Berg, the Grand Duke of Hesse-Darmstadt. The College of Princes was composed of the Dukes of Nassau, Usingen and Weilburg, the Princes of Hohenzollern-Hechingen and Hohenzollern-Sigmaringen, the Princes of Salm-Salm, Salm-Kirburg, Isamburg, Aremberg, Lichtenstein and Leyen. The old nobility of the territories comprised in these States were incorporated. They lost their rights of legislation, jurisdiction, police, taxation and recruiting.

On the 1st of August the French ambassador announced to the Diet of Ratisbon that the French Emperor, who consented to become the protector of the Confederation, no longer recognized the existence of the Empire. The Emperor Francis II., in a circular of August 6th, announced that he considered dissolved the old ties that bound him to the Germanic body, released from their allegiance the States which formed it, and confined his authority to the government of his hereditary dominions under the title of "Emperor of Austria," which he had adopted in 1804. The Holy Roman Empire, founded in 800 by the coronation of Charlemagne, had lasted one thousand and six years. Its disappearance was final.

The Holy Roman Empire existed no longer, but Napoleon was obsessed by the memory of Charlemagne. Bourrienne tells us that he remarked one day: "I have succeeded Charlemagne, not Louis XIV." He intended to have a medal struck with the inscription, "Renovatio Imperii." He meant to become Emperor of the East, with a cortège of kings, grand-dukes, dukes and counts as his vassals.

He sent a note to the King of Prussia to congratulate him on his release from the Imperial bonds. "It would give him great pleasure if Prussia would gather to his side, by means of a confederation like the Confederation of the Rhine, all the States of Northern Germany." He specified Hesse-Cassel, Saxony with its various branches, the two branches of Mecklemburg, and several Northern princelets. The King of Prussia, delighted with the proposal, wished to profit by it, but Napoleon, intoxicated by his victories, calmly invited the Prince of Hesse-Cassel to join the Confederation of the Rhine, holding

out as bait the promise of Fulda which belonged to the Prince of Orange, the King of Prussia's brother-in-law. He forbade the Hanseatic towns, Bremen, Hamburg and Lübeck, to enter the Confederation of the North. Simultaneously he treated with England for the restoration of Hanover which he had already given to Prussia.

The King of Prussia resigned himself to the war which he had refused to make in concert with Austria and Russia. The famous army which he had inherited was disastrously beaten at Auerstadt and Jena (October 14th, 1806), and in seven weeks Prussia was no more. Russian help prolonged the campaign for seven months, and the Treaty of Tilsit was only concluded on the 9th of July, 1807. The King of Prussia gave up all his possessions between the Rhine and the Elbe and these went to form the Kingdom of Westphalia. He had to recognize Jérôme Bonaparte as its legitimate sovereign. He also gave up all Prussian Poland which was handed over to the Elector of Saxony. He kept East and West Prussia, Pomerania, Brandenburg and Silesia, about five million inhabitants out of ten. The King's commissioners calculated the deferred indemnity payable to the conqueror at 19 million francs. Daru claimed 154 millions, but agreed to take 35 millions. While this sum was being paid off, two hundred thousand men occupied Prussia and lived on the inhabitants. Prussia had two silver currencies at the time, of different standards. Naturally it was only the debased currency which remained in the country and it was three years before it could be withdrawn from circulation. Prussia was also affected by the Continental blockade. She could no longer export wood and was unable to import national necessities.

After her defeat, the Confederation of the Rhine comprised four kingdoms, five grand duchies, twenty-three duchies and principalities, and had a population of twenty millions. Napoleon wished to create principalities and kingdoms for the members of his family. He created the Grand Duchy of Berg and gave it first to Murat, his brother-in-law, and afterwards to one of the sons of the King of Holland, an infant in the cradle. He had created the Kingdom of Westphalia for his brother Jérôme, whom he married to the daughter of the King of Würtemberg. He married Eugène de Beauharnais to the daughter of the King of Bavaria. He made the Elector of Saxony a king as a rival to the King of Prussia and endowed him with the Grand Duchy of Warsaw and New Galicia. He alarmed and disgusted

the whole world by carving up Germany in this fashion and his sole faithful friend and ally was the Grand Duke of Hesse-Darmstadt.

Napoleon introduced by force a certain number of reforms which, while unquestionably of general utility, irritated the privileged classes. He removed young men from the land of their birth by his system of conscription, and his Continental system made his rule universally loathed and directed Europe's sympathies towards Great Britain. He had made kings, grand dukes and dukes, but he made no secret of his contempt for the puppets which he thus dignified. Instead of cultivating friendships he was raising a storm of hatred.

A Prussian minister, Stein, organized resistance in Prussia. Napoleon had him expelled from the ministry and ordered his arrest and the confiscation of his property. These actions made him seem a patriotic martyr in the eyes of all Prussians.

To beat down the Napoleonic tyranny Stein introduced the principles of 1789 into Prussia. He transformed the serfs of the country districts into peasant proprietors. The agricultural and commercial classes were permitted to hold land just as the nobility were allowed to engage in trade and industry. He gave the towns the French municipal constitution of 1789.

The army had been reduced to forty thousand men. General Scharnhorst instituted universal service with the Landwehr and Landsturm, so that the whole male population received military training, and he opened the higher ranks to the middle classes.

Meanwhile Austria had been reorganizing under the direction of Count Stadion and in 1809 believed that the moment was ripe for revenge. She issued an appeal to the German peoples. Except for the Tyrol, her appeal fell on deaf ears. She was beaten at Wagram, and had to cede Salzburg, Berchtesgaden and the Inn region to Bavaria, Western Galicia to the Duchy of Warsaw, and part of Eastern Galicia to Russia. France took Croatia, Carniola, Friuli and Trieste, which were added to Istria and Dalmatia to form the Illyrian Provinces. The Tyrol opposed a most determined resistance to Bavarian domination and when it was overcome Bavaria was compelled to hand over a part of it to the kingdom of Italy. She had also to cede Ulm to Würtemberg, but received in exchange the principalities of Ratisbon and Bayreuth.

Napoleon had made his brother Louis King of Holland, but he was not sufficiently zealous in enforcing the Continental System and was made to abdicate. Holland and the Hanseatic towns of Hamburg,

Bremen and Lübeck, the Duchy of Oldenburg, a part of Hanover and several petty States were incorporated in the French Empire (December, 1810). This Empire then comprised one hundred and thirty departments, extended from the Elbe to Carigliono in Italy, and had as its feudatories the kingdoms of Italy, Naples, Spain, Westphalia, Saxony and Bavaria.

In April, 1811, the King of Prussia, prompted by his minister Hardenberg, offered France his alliance, and on February 28th, 1812, Napoleon condescended to accept it. On the 9th of March he left Paris and took up his residence in Dresden, where he held a court of kings until the 22nd of June, the date of his declaration of war on Russia. He incorporated in his army twenty thousand Prussians, thirty thousand Austrians, and other troops raised by conscription in all the States of the Confederation of the Rhine.

After the retreat from Moscow, General Yorck, commanding the Prussian contingent, was induced by Clausewitz, then in the service of Russia, to go over to them. The King of Prussia was terrified when he heard of this betrayal. At the suggestion of Hardenberg, he wrote to Hatzfeld, his minister in Paris: "I am the natural ally of France. If I change sides, I only give the Emperor the right to regard me as an enemy. If he will give me a subsidy I will raise and equip fifty to sixty thousand men for his service."* At the same time he offered the Czar Alexander to make an alliance if the Russians would make an immediate advance towards the Vistula and the Oder.

A few days after Yorck's defection, Hardenberg suggested to Saint-Marsan, the French Ambassador, that the King of Prussia should be made King of Poland. "The sea and land frontiers of Prussia and Poland would enclose a compact mass which would be a formidable barrier against encroachments of Russian power." The King of Prussia and Hardenberg were only thinking of Prussia. They cared little for the liberation and unity of Germany which the Hohenzollerns have since wished to incarnate in their own persons. Saint-Marsan wrote to Maret: "If the Emperor would do something for Prussia, it would be very easy, notwithstanding the exasperation of the nation, to keep Frederick William in the path he has followed hitherto." The King proceeded against Yorck as Napoleon ordered, but Yorck, established at Königsberg in the old kingdom of Prussia, and disregarding the King's commands, was organizing the country

* See Eugène Véron: *Histoire de la Prusse depuis la mort de Frédéric II.*, p. 180 (Paris, F. Alcan).

with Stein who had been furnished with plenary powers by the Czar, and putting the finishing touches to his army. The Cossacks advanced to Berlin. Scharnhorst raised the levies in Silesia at the very moment when Napoleon completed the ruin of the country by his requisitions for the garrisons of the Oder.

At the same time Napoleon informed the Corps Législatif that he intended to maintain the integrity of the territories of all his allies. The King of Prussia could thus no longer count on the compensation he expected. Stein met him secretly at Breslau on the 27th of February.

After the crossing of the Niemen the Russian army had been reduced to about fifty thousand men. The Emperor Alexander was ready for peace, but Kutusoff, representing Russia, and Scharnhorst, representing Prussia, signed a treaty between the two countries at Kalisch on the 28th of February. The King of Prussia followed, and on March 17th he issued an appeal to his people and by two edicts called out the Landwehr and Landsturm. The preamble of the summons to the Landsturm ran thus: "At the approach of the enemy all the inhabitants of the villages must fly after filling up the wells and destroying or carrying away the corn stocks. The struggle to which you are called justifies all means. The most terrible are the best." In two and a half months Prussia, a State with a population of hardly 4,500,000, produced an army of 148,000 men, to which another 100,000 men were added two months later. Napoleon, who had failed by incredible negligence to see through the Landwehr and Landsturm scheme, said: "Prussia can bring 40,000 men against me in two months and never more than 75,000."

On April 10th Napoleon suggested to Austria the partition of Prussia. On June 15th, Austria, Russia and Prussia signed a treaty of alliance at Reichenbach. On August 20th Austria declared war on France. On October 19th the Saxons deserted the French army on the battlefield of Leipzig.

The suppression of the Kingdom of Westphalia had been proclaimed on September 28th. Bavaria had united her forces with those of Austria on October 8th. The Confederation of the Rhine was already dissolved. The King of Würtemberg, the Grand Duke of Baden and the Grand Duke of Hesse-Darmstadt had made treaties with the Allies. The dispossessed rulers, Frederick William of Brunswick, the Prince of Oldenburg, the Elector of Hesse, returned to their States. Napoleon's work on the right bank of the Rhine had been undone by

the end of 1813. On January 1st, 1814, the allied armies crossed that river. On the 1st of March Russia, England, Austria and Prussia concluded the Treaty of Chaumont, by which each engaged not to make a separate peace and not to treat with Napoleon.

On the 30th of May the Treaty of Paris was signed, confining France within her frontiers of January, 1792. It contained this expression : " The States of Germany will be independent and united by a federal bond." The Congress entrusted with the work of reorganization met at Vienna in September.

CHAPTER III

THE CONGRESS OF VIENNA

The programme of the Treaty of Kalisch and the achievements of the Congress of Vienna—Talleyrand—The rule of law—Public law—The contempt of the Prussians and the Czar of Russia for public law—Austria, Talleyrand and Lord Castlereagh—The Treaty of January 3rd, 1815—The disastrous mistake of Talleyrand and Lord Castlereagh—Acquisitions of Prussia, Austria and Russia—Switzerland—The provisions of the Congress of Vienna relating to the Germanic Confederation—Prussia's discontent—"Only accept the Rhine Province for the defence of Germany"—The Holy Alliance—The final decree of the Congress of Vienna.

ACCORDING to the proclamation of Kalisch (March 25th, 1813), the Czar of Russia and the King of Prussia "intended to re-establish an ancient Empire." However, the treaties of Teplitz, Chaumont and Paris said nothing about any resurrection and the matter was not mentioned at Vienna.

Catholic Austria made no attempt to undo the secularizations of 1803, to re-establish the mediatized nobility in their ancient status or to return to the election of the Emperors and restore to them the title of "Roman" Emperor.

Friedrich von Gentz, the secretary of the Congress, admitted in a report of February 12th, 1815, that

> "The high-sounding phrases about the reconstruction of the social order, the regeneration of the political system of Europe, a lasting peace founded on a true distribution of power, and so on, were uttered with a view to the calming of national unrest and to give that solemn assembly an air of dignity and grandeur. But the real function of the Congress was to distribute the spoils of the vanquished among the victors."*

By the Treaty of Chaumont (March 1st, 1814), the four great Powers, Austria, Great Britain, Prussia and Russia had resolved that France, reduced to the frontiers of 1792, should have no voice in the

* Debidour: *Histoire de la Diplomatie—Mémoires de Metternich*, Vol. II., p. 474.

disposal of the territories to be partitioned. At Vienna they had decided that important questions should be determined by themselves alone.

Talleyrand, the representative of France, cleverly grouped round him all the smaller powers by his declaration that the assembled States might be unequal in size, but had equal rights, and owing to him, France, Spain, Portugal and Sweden were associated with the committee instructed to draw up the programme.

Talleyrand enunciated the principle of "Legitimacy" in these terms: "The first task of Europe is to banish the view that rights can be acquired by conquest alone." He demanded that the words "all arrangements shall be in conformity with public law" should be inserted in the declaration of the 8th of October. The plenipotentiaries of Prussia, Hardenberg and Humboldt, made a violent protest. On October 23rd the Czar of Russia said to Talleyrand: "Public law is nothing to me. What value do you think I set on your parchments and treaties?" Thus those who had assembled to draw up a treaty announced beforehand their contempt for the undertaking on which they were engaged.

When Talleyrand contrasted "Legitimacy" with force, he was adopting the point of view that rulers and sovereigns are proprietors. He never mentioned the feelings of their subjects because that aspect of the question was never considered by anyone.

Prussia wanted to incorporate the Kingdom of Saxony and Russia supported her. Austria did not want Prussia as her next-door neighbour. Talleyrand made with England and Austria the Treaty of January 3rd, 1815. The King of Saxony kept his title and rather more than half of his territories. The rest was given to Prussia with other portions which added 855,000 to her population. It is extremely regrettable that Talleyrand did not abandon Saxony to Prussia instead of giving her on the west the Rhine Province and Westphalia which have been the source of her wealth. He thereby brought Prussia into immediate contact with France. The French representative made Prussia the bulwark of Germany against France.*

The new Prussia was twice as large and populous as the Prussia of Frederick II. It fell into two groups. One consisted of East Prussia and Brandenburg, connected by Pomerania, the valley of the

* For Talleyrand's mistake see the "Mémoires du Chancelier Pasquier," Vol. III., Ch. 4 and 5.

Vistula between Thorn and Dantzig, the Grand Duchy of Posen, with a population of 750,000 inhabitants, Western Pomerania, with Stralsund and the island of Rügen, half of Saxony with Torgau and Wittemberg, Silesia and Lusatia. The other group covered the two banks of the Rhine from Bingen to Emmerich.

How could Castlereagh and Talleyrand have failed to foresee that Prussian policy would aim at the acquisition of Hanover in order to connect these two groups ? Bavaria received a part of the ancient Swabian territories of Austria, Aschaffenburg, Würtzburg, and the counties of Anspach and Bayreuth.

Austria surrendered Breisgau and part of Upper Swabia to Baden and Würtemberg, Belgium to Holland. She retained Venetia and recovered the frontier of the Inn, Salzburg, Carinthia, the Tyrol and the Illyrian Provinces—in fact, all that she had obtained by the Treaties of Campo Formio, Lunéville, Pressburg and Vienna.

Russia had lost nothing in the war, and had gained Finland by her alliance with Napoleon. She left Galicia and Cracow to Austria, and these became a free Government under the protection of Russia, Austria and Prussia. She had taken from Turkey the territory between the Bug and the Dniester and later secured Bessarabia between the Dniester, the Danube and the Pruth.

Geneva, Valais and Neuchâtel, the latter a county as well as a canton, were added to the nineteen cantons of Switzerland.

Hanover was restored for the benefit of the reigning house of England and Prussia surrendered to it East Frisia, Hildesheim, Goslar, and a part of the county of Lingen.

Articles 53 to 64 of the Treaty of June 9th, 1815, are those which deal with the organization of the Germanic Confederation :

" The sovereign Princes and the free cities of Germany, the Emperor of Austria and the King of Prussia for all of their possessions which formed part of the ancient German Empire, the King of Denmark for the Duchy of Holstein and the King of the Netherlands for the Grand Duchy of Luxemburg, agree to form together a perpetual Confederation which shall be known as the Germanic Confederation.

" The object of this Confederation is the maintenance of the internal and external security of Germany and the independence and integrity of the confederate States. The members of the Confederation shall enjoy equal rights.

" The affairs of the Confederation shall be managed by a federal Diet in which all the members shall be represented by their plenipotentiaries. The number of the members shall be seventeen, and each shall have one vote in the ordinary Assembly. But in questions concerning fundamental laws the Assembly shall

become general and Austria, Prussia, Saxony, Bavaria and Hanover shall have four votes each. The total number of votes shall be sixty-nine.

"The Diet shall be permanent but may adjourn for periods not exceeding four months.

"Article 63 provides that the confederate Princes engage to undertake the defence, not merely of all Germany, but of all the individual States of the Union, and mutually guarantee all their possessions which are included in the confederate territories. The confederate Princes may at any time conclude alliances with foreign Princes who are not members of the Confederation, provided that such alliances are not aimed at the Confederation or any of the individual States. They shall undertake also not to make war upon each other for any reason and to submit their differences to the arbitration of the Diet. If this method fails and a decision shall become necessary, it shall be furnished by a court (*Austragal Instanz*) to which the contending parties shall appeal.

"The seat of the Diet shall be at Frankfort, and the presidency in perpetuity shall pertain to Austria."

From 1795 to 1806, and again from 1810 to the middle of 1812, Prussia had worked for her own hand, caring nothing for the interests of Germany. If Napoleon had shown rather less contempt for her King, Frederick William, the Prussian monarch had been his humble servant. As a reward for his particularist policy he induced the Congress of Vienna to double the area of Prussia. Yet both he and his ministers, Hardenberg and Stein, were dissatisfied. Prussia had had to surrender Franconia to Bavaria which had remained attached to Austria. Further, her long stretch of territory from Memel to Sarrebrück was cut in twain by Hanover, which also separated her from the North Sea. She had also been compelled to cede East Frisia to Hanover. The inhabitants of the Rhine valley were Catholic, strongly imbued with French traditions and influences, and formed a heterogeneous element which weakened Prussia. The Prussian statesmen consented to receive the Rhine Province "solely for the defence of Germany," and gave Prussia the rôle of champion of Germany.

This pretence of devotion was wasted on the princelets of Germany, who knew Prussia's covetous nature and feared absorption. They grouped themselves round Bavaria, Würtemberg and Baden, and maintained their timorous and suspicious particularism.

The promises of reform made by Stein and other Prussian and German patriots (to the German people), and more or less endorsed by their rulers, were not so much as mentioned at the Congress of Vienna.

On September 26th, 1815, the Czar of Russia, the Emperor of

Austria and the King of Prussia signed the compact of the "Holy Alliance." England stood aloof.

On August 19th, 1819, eleven members of the Confederation met at Carlsbad and passed resolutions which became the final provisions of the Congress of Vienna. They proclaimed that "the fundamental principle of the Germanic Confederation requires that the sovereign power should reside in the supreme head of the Government." They admitted the right of intervention in cases where an internal rebellion menaced the security of the other States of the Federation. The Diet assumed the right to take action against the Press for any publication or newspaper in any of the federal States and power to carry out these laws, if necessary by force, was entrusted to a commission of five members. Measures were taken against the universities and a commission was appointed to search out those suspected of Liberal sympathies.

Every princelet, not to mention the King of Prussia, exploited and tyrannized over his subjects to his heart's content.

CHAPTER IV

PRUSSIA AND AUSTRIA. 1847—1866

Frederick William's opposition to a written constitution—The Revolution of 1848 and German unity—"Prussia transformed into Germany"—The Parliament of Frankfort—The elimination of Austria—Offer of the Imperial crown to the King of Prussia—The Treaty of the Three Kings—The Parliament of Erfurt—The Diet of Frankfort—The Convention of Olmütz—Prussia's desire for revenge—Bismarck and the prussification of Germany—*Ferro et igne*—Governing without Parliament—"Might is right"—Bismarck and the Polish insurrection—The question of the Duchies—Napoleon III., Austria and Prussia—Bismarck and Napoleon III.—The war of 1866—The preliminaries of peace at Nikolsburg—The Treaty of Prague—Prussia's gains—The question of compensation—M. Benedetti's ignorance—His fears in 1868.

IN 1847 Frederick William IV. consented to give Prussia a Parliament, but on the 11th of April, at the convocation of the Diet, he said:

"I could never allow a piece of parchment to interpose as a second Providence between God, Our Lord in Heaven, and this country, to govern us by its clauses and substitute them for holy and time-honoured fidelity."

Then came the revolution of 1848. The King worked on the popular fear that France would try to recover the Rhine Provinces. Yet he was obliged to promise domestic reforms, though he tried to alter the character of these concessions.

"We demand before everything that Germany shall be transformed from a federation of States into a federal State. We demand a uniform military system for the whole of Germany, a replica of the Prussian system with a federal Commander-in-Chief. We demand a German flag and a German fleet, a German federal court to deal with differences between the peoples and States."

He tried to rouse the passion for German unity in the hope of distracting his subjects from questions of constitutional reform and liberty. Immediately after the rising of the 20th of March he pro-

claimed that "he felt himself called to save German liberty and unity." On the 21st he ordered his troops to wear the German cockade with the Prussian cockade and announced in a proclamation that "from that moment Prussia was transformed into Germany."

Austria and the other Powers found Frederick William IV.'s interpretation of the "federal decree" of the Congress of Vienna somewhat singular. If it was thus torn up as regards the Germanic Confederation, what value could it have in relation to the other States?

Meanwhile a congress of fifty delegates, self-appointed delegates, sitting at Heidelberg, had decided to convene a German national parliament. This parliament was only an assembly more or less regularly elected. It evolved, after much effort, a constitution for the German Empire. It declared that a German state could not form a single state with non-German states. This was to leave the Emperor of Austria only a personal tie with Hungary, Bohemia and Italy. At that time there was a sharp dissension between the "Little Germany" party, which would only admit Germans into the German Empire, and the "Greater Germany" party, which wished to include all the dependent peoples of the Austrian Empire. The Assembly pronounced in favour of the former (November 27th), and thus made Prussia thenceforth the mistress of Germany.

On January 14th, 1849, it turned Austria out of the Germanic Empire. On March 27th it voted that the Imperial crown should be hereditary in the house of the sovereign it might select, and on the 28th it offered the Imperial crown to the King of Prussia by 290 votes against 248 abstentions. Austria recalled her deputies. On April 26th the Prussian Chamber ordered the Ministry to recognize the Constitution of Frankfort. The Chamber was dissolved next day. The King refused the Imperial crown, protested against the Constitution and invited the sovereigns to a congress. It was just after the Russians had invaded Hungary, and fear of Austria, freed from anxiety as regards the revolt of Hungary, must be regarded as a factor in the decision of the King of Prussia.

The Parliament of Frankfort vanished, but Frederick William was seeking an occasion to seize the Imperial crown, which he had refused. With the Kings of Saxony and Hanover he concluded the Treaty of the Three Kings, of which the declared object was to "maintain the internal and external security of Germany." Austria did not admit the validity of a commission of five members which met at Berlin for that object. The King persuaded this commission to convoke a

new federal parliament to meet at Erfurt, a town in Prussia. Twenty-seven German Governments approved of this project, but it turned out to be a phantom. On April 26th, 1850, Austria summoned the members of the ancient Diet to Frankfort. The Diet resumed its functions in spite of a protest from Prussia. On September 7th, 1850, the Elector of Hesse proclaimed a state of siege because the Assembly of States refused to authorize him to raise a loan without specifying its object. He demanded the help of the German Diet when Prussian troops invaded his country. War seemed inevitable. Prussia gave way and submitted to the Convention of Olmütz, whereby she abandoned the Erfurt scheme and accepted Austria's policy with regard to Schleswig-Holstein. She also withdrew her troops from Hesse and Baden and pledged herself to conform to the decisions of the Congress which was to meet at Dresden.

Thenceforth the Prussian Government devoted itself to schemes of revenge for this rebuff. During the Crimean War Prussia maintained neutrality while Austria threatened to intervene against Russia.

In 1857 Frederick William's mental affliction had reached such a stage that the Prince Royal, William, had to take over the government. He represented the Liberal party but that party's idea of Liberalism was the prussification of Germany. Bismarck published a manifesto which contained a frank declaration :

> " Prussia can no longer remain with Austria in the Germanic Confederation as constituted by the federal decree of 1815 and the final decree of 1820. She could never have permitted its reconstruction in 1851, and it is to her interest to bring about its dissolution."

The regent William showed his approval of this view by appointing Bismarck as his minister to Russia and Bismarck set himself to secure the support of that Power by efforts which were not without result. He was next sent to Paris. Bismarck, in his correspondence, denounced " the federal constitution from which Prussia suffered," which he desired to destroy *ferro et igne*. In 1862 the King of Prussia selected him as President of the Council and Minister for Foreign Affairs with a view to compelling the Chamber of Deputies to vote the military credits they had refused.

During the four years 1862 to 1866 the King of Prussia and Bismarck governed without the Chamber voting any supplies. Each dissolution was followed by the return of the same members. From the start Bismarck had declared that since the deputies refused to

vote supplies and the King and himself were of one mind in their determination to carry on the government, the affair had become a question of force, and that since force was on the side of the King and himself they would not give way. It was during this dispute that the famous expression "Might is Right" occurred. Bismarck denied having ever used it, but his opponents, when quoting it, were only condensing his thoughts. Bismarck carried on the government on the basis of the financial provisions of the year prior to his entry into the ministry and devoted the surplus to the military credits demanded by the King.

The year 1863 was marked by the insurrection in Poland when Prussia earned the goodwill of Russia by handing over to the Russian authorities the insurgents who took refuge on her territory.

Towards the close of that year Christian IX. mounted the throne of Denmark. The Constitution of November 15th, 1863, provided for the incorporation of Schleswig into the Danish States and the separation of Holstein. Prince Frederick Augustenburg replied by taking possession of the two Duchies in a proclamation of November 16th, 1863. Prussia and Austria demanded that the constitution should be repealed. On January 20th, 1864, Prussian troops invaded the Duchies. Austria followed suit. The Danes resisted heroically until October 30th. The King of Denmark then had to cede Holstein, Schleswig and Lauenburg to Austria and Prussia. The two Powers immediately began to quarrel over the spoils. Bismarck successfully opposed all the claims of Austria and the Germanic Confederation. The Convention of Gastein on August 14th, 1865, decided that the Duchies should remain in possession of the conquerors and that Schleswig should revert to Prussia and Holstein to Austria. Prussia bought the Duchy of Lauenburg and Bismarck received the title of Count, but the undivided sovereignty was maintained.

The Emperor Nicholas, related by marriage to the family of Holstein-Gottorp, might have claimed a reversion in some part of the Danish possessions, but he was grateful for Prussian support in crushing the Polish insurrection and acquiesced in the new situation. England proposed an international agreement, and Napoleon III. a congress; but England was lacking in determination to have the Treaty of London of 1852 respected, and Napoleon III. was too busy in Mexican affairs to intervene effectively.

I am not writing a history of French diplomacy but at times it is necessary for me to refer to French relations with Germany.

The Germanic Confederation, an inert mass incapable of collective effort, was a guarantee of peace for France. Napoleon III. could only live down the memory of his *coup d'état* by drawing public attention to questions of foreign policy, and this remorseless necessity imposed upon him so alarmed all the nations of Europe that, in spite of his declaration at Bordeaux in 1851 that "the Empire means Peace," England, Russia, Austria and Prussia signed a secret agreement together on December 3rd, 1852. It must be admitted that the Emperor's foreign policy, involving the demise of the treaties of 1815 and the principle of nationality, was capricious and alarming.

The Crimean War united France and England in the prosecution of an ill-chosen task which ended in the guaranteeing of Turkish integrity by the Congress of Paris (1856). This war could only have drawn Russia and Prussia together.

In the Italian War of 1859 Napoleon III. weakened Austria to the advantage of Prussia and helped to associate the interests of Prussia with those of Germany. Summoned by the Diet of Frankfort to intervene on Austria's behalf, Prussia did so, and it was owing to this action that Napoleon III. consented to the Peace of Villafranca which disappointed all the aspirations he had roused in Italy. Bismarck went to Biarritz and fascinated Napoleon III. so thoroughly that the Emperor kept his photograph on his work-table. Bismarck came away with the conviction that Napoleon III. was an impractical dreamer who would always accept, with or without ill-grace, a *fait accompli.*

Bismarck proposed a new federal constitution by making the Schleswig-Holstein question a federal affair. On June 10th he presented to the Governments of the Southern States a scheme of constitutional reform which would make Germany a federal State from which Austria would be excluded. The supreme command of the armies of the North would pertain to the King of Prussia, that of the Southern armies to the King of Bavaria. Austria, while referring the Schleswig-Holstein question for decision to the Confederation, convened the State Assembly of Holstein for June 11th, 1866.

Prussia immediately invaded Holstein to compel the two Duchies to accept a single government. On June 9th Austria asked the Diet to decree the mobilization of the whole federal army with the exception of the Prussian contingent. The Diet acquiesced in this demand by nine votes to six. On June 15th Prussia summoned Electoral Hesse, Saxony and Hanover to accept the new federal constitution

and declare their neutrality. On their refusal they were invaded. Bavaria threw in her lot with them.

Six weeks after the opening of hostilities, on the 26th of July, 1866, the preliminaries of peace between Prussia and Austria were signed at Nikolsburg. Immediately after the victory of Sadowa Bismarck had opposed the Prussian military clique which demanded the annexation of the territory taken from Austria and a triumphal entry into Vienna. He had three reasons for wishing to make peace as quickly as possible. He feared French intervention. He wanted to make Austria abandon the States which had fought with her, so that her weakness and the strength of Prussia would be manifest. Lastly, he hoped for a future alliance with Austria.

The Emperor of Austria agreed to the dissolution of the Germanic Confederation and the exclusion of Austria from a reconstructed Germany. By the Treaty of Prague on August 23rd the independence of four German States south of the Main was recognized. Prussia waived the annexation of Saxony on condition that she entered the North German Confederation and put her army under the command of the King of Prussia. The Kingdom of Hanover, the Electorate of Hesse, the Duchy of Nassau, and the free city of Frankfort-on-the Main were incorporated in Prussia, the area of which was increased from 108,494 square miles to 134,622 square miles, while her population advanced from 19,600,000 to 23,900,000. Her territories also became compact.

The commission of the Prussian Diet declared that they had searched in vain for a legal basis for these annexations to Prussia. "Prussia has made war," declared Herr Kirchmann, "and shall gather the fruits of war." Her wishes were her justification.

M. Benedetti, in his plea for French diplomacy which he represented at Berlin, has displayed the same unaccountable ignorance which characterized Napoleon III. Before the declaration of war Bismarck suggested a triple alliance of Prussia, France and Italy. He was prepared to accept rectification of frontiers, but Benedetti, in a letter of the 8th of June, said that "the King would be unwilling at the moment to consider the possibilities of such sacrifices." Bismarck generously offered compensation in Belgium. General Govone, who represented Italy, remarked to him that the present "of a country which had such strong national life and sentiment" was not a very tempting offer. Napoleon III. was warned that Prussia promised nothing but as soon as war broke out he said in his

speech at Auxerre: "If Prussia takes an inch of ground France will require compensation."

If he spoke those words in good faith, he could not have known the dispatches of his ambassador. If he did know them, he was wittingly deceiving France.

Immediately after the war, while Drouyn de Lluys refused to recognize Prussia's conquests, the Emperor recognized them without informing his minister. He replaced him by La Valette, who issued a note declaring that "France could only rejoice in the aggrandizement of Prussia," but discreetly expressing regret that Prussia did not have recourse to a plebiscite before annexing territory. This attitude was so extraordinary that no one believed in its sincerity. Bismarck refused all compensation in Germany but directed France to seek compensation in Belgium. At the same time, assigning to France the ambitions he had himself suggested, he used them to unite yet more closely the German States so recently hostile and excite alarm in Russia and England.

Immediately after the triumph of Nikolsburg M. Benedetti wrote to Paris (July 26th, 1866):

"I shall tell Your Excellency nothing new when I say that Herr von Bismarck's opinion is that we ought to seek compensation in Belgium and that he has offered to come to some arrangement with you."

When Bismarck returned to Berlin he refused finally to give any sort of compensation on the Rhine. Benedetti confesses:

"We have thus reached the point of drawing up a scheme of arrangement* which would settle the future of Belgium. I admit that we should get Luxemburg at once, thanks to an understanding with the King of Holland, and that we should be authorized to take steps towards the ultimate union of Belgium with France, with the help of Prussia."

Benedetti forwarded the scheme to Paris as Bismarck's own. The Emperor, in a letter to M. Rouher, makes no mention of the annexation of Belgium, which he evidently regarded as unattainable at the moment. He only speaks of Luxemburg and the restoration of the federal fortresses to the different States, Luxemburg to France, Mainz and Saarlouis to Prussia, Landau to Bavaria, Rastadt to Baden, Ulm to Würtemberg. He mentions the annexation of Saxony, a Protestant state, to Prussia, and the transfer of the King of Saxony

* Benedetti: *Souvenirs Diplomatiques. L'Empereur Guillaume I. et le Prince de Bismarck*, p. 58 *et seq.*

to the left bank of the Rhine—Catholic territory. Napoleon III., in fact, returned to the scheme which Talleyrand and Lord Castlereagh, in concert with Austria, had prevented the King of Prussia from realising in 1815. But now it was too late.

Bismarck said nothing further about Belgium. As for the Emperor's infantile schemes, it is unlikely that they ever saw the light. Napoleon III. dealt with Luxemburg by buying it from the King of Holland, William III. Prussia, changing her attitude, immediately forbade the execution of the bargain. France demanded that Prussia should give up her right to maintain a garrison in the fortress of Luxemburg. The representatives of the Powers which had signed the Belgian treaty of 1839 met in conference and decided to assure the independence of Luxemburg by guaranteeing its neutrality.

The only definite result of these negotiations was that after bringing France and Prussia to the verge of war a conflict was made sooner or later inevitable.

Napoleon III., who had been attracted to Mexico by the dream of founding there a Latin Empire which would be a makeweight to the United States, abandoned Maximilian, withdrew his army before the expiration of the agreed period and shared the responsibility for his execution at Queretaro on the 19th of June, 1867. The other States of Europe accepted the Treaty of Prague. But it was only the first stage. M. Benedetti, the French Ambassador at Berlin, foresaw that Prussia would want to incorporate the Southern States in the Confederation of the North and restore the imperial dignity for the benefit of the Hohenzollerns. On January 5th, 1868, he wrote:

"The more I see of the conduct of the Prussian Government the stronger is my conviction that it intends to impose its authority on the whole of Germany, and every day I have fresh evidence that it pursues that object, knowing that it will be unattainable unless France is reduced to a condition in which she will be unable to place any obstacle in its way.

"We shall therefore have to reckon on a terrible war in which a whole nation will take part against us."*

Thus forewarned, Napoleon invited Berlin, through London, in January, 1870, to summon a conference to consider the question of general disarmament. Bismarck replied that as Prussia could acquiesce in no such suggestion, it was idle to discuss its principles and consequences.

* Benedetti: *Souvenirs Diplomatiques. L'Empereur Guillaume I. et le Prince de Bismarck. Ma mission à Ems.*

CHAPTER V

THE NORTH GERMAN CONFEDERATION

The Federal Constitution—Procedure—The King of Prussia *Bundes Præsidium* and *Bundes-Feldherr*—The same attributions as those of the *Deutsche Kaiser*—The Chancellor—The Bundesrat—The Reichstag—Electoral conditions unchanged after 1867—Treaties of defensive alliance with the Southern States—The Zollverein.

AFTER the 10th of June, 1866, Bismarck had sent to the German Governments a circular, in which he proposed to them "a scheme for the establishment of a new Confederation." On June 14th, the Prussian representative in the Federal Assembly declared that the Prussian Government withdrew from the Confederation, but was disposed "to form a new Confederation with such of the German States as felt attracted by the proposal." By the compact of the 18th of August, sixteen States agreed to send delegates to Berlin to draw up a scheme for a federal constitution on the basis of an offensive and defensive alliance with Prussia and the disposal of their forces under the supreme command of the King of Prussia. A parliament was to be summoned as provided by the Imperial electoral law of April 12th, 1849, and it was to ratify the scheme of the federal constitution drawn up by the representatives of the States.*

The operation met with some opposition. The Prussian Chamber of Deputies was unwilling that the Reichstag should have the right of voting the Constitution. They wanted to confine its powers to discussion only. Next, the Constitution had to be submitted to the Prussian Landtag and the other twenty-one State Assemblies. The Government had to accept the amendments to the electoral law carried in the Chamber of Deputies. Only a majority of the States granted the future Reichstag the right of "discussing" the Constitution.

The form of the Constitution was settled in the conferences of the representatives of the States, which came to an end on the 7th of

* Labaud: *Le Droit Public et l'Empire Allemand*, Vol. I., p. 38 *et seq.*

February, 1867. On April 16th the Reichstag voted the constitutional scheme by 230 votes to 53. The representatives of the allied States accepted it at once.

The King of Prussia obtained more than Bismarck had dared to hope, the supreme command of the army. The Constitution gave him the title of *Bundes Præsidium* (Federal President) and *Bundes-Feldherr* (Federal Commander-in-Chief). As President, the King of Prussia had the right of summoning, opening, adjourning or dissolving the federal parliament, appointing and dismissing the federal Chancellor and officials, declaring war and making peace. As Commander-in-Chief of the army he had the supreme direction of the military and naval forces; he could fix their establishment, order the construction of new fortresses, declare a state of siege in any part of the federal States and mobilize the federal army against a recalcitrant member of the federation. Lest he should be thwarted by the Reichstag, he was empowered to have army bills voted for several years.

These were the powers which the King of Prussia retained when he became *Deutscher Kaiser* (German Emperor) in 1871. The new title added nothing to the powers he already enjoyed in the North German Confederation.

The Chancellor was the sole source of executive power. He was responsible solely to the President of the Bundesrat, the German Emperor. He concentrated in his person the executive and legislative power. The plenipotentiaries who met together in the Bundesrat were only officials.

The Reichstag had only one right—that of refusing supplies. Its members enjoyed no parliamentary initiative. They only dealt with bills which had already been examined by the Bundesrat and their amendments were subject to the veto of that body. No responsible minister ever appeared before them.

Their powers were not increased in 1871.

The deputies of the Reichstag were elected on the principle of one member to every 100,000 inhabitants in addition to a member for every fraction of more than 50,000 inhabitants of a State. Although Lauenburg had a population of less than 100,000, it sent a representative. The elections took place on the basis of the census of 1867. This electoral division underwent no change in 1871, otherwise the Reichstag would now have 600 deputies instead of 397. Berlin, with two million inhabitants, still sends only six deputies. Many industrial districts, the population of which has trebled and even quadrupled,

thus entitling them to three or four deputies, have only one member to-day.

The North German Confederation comprised twenty-two States: Prussia, Saxe-Weimar, Adenburg, Brunswick, Saxe-Altenburg, Saxe-Coburg-Gotha, Anhalt, Schwarzburg-Sondershausen, Schwarzburg-Rudolstadt, Waldeck, Reuss (the younger branch), Schaumburg-Lippe, Lippe, Lübeck, Bremen, Hamburg, the two Mecklemburgs, Reuss (the older branch), Saxe-Meiningen and the Kingdom of Saxony.

The King of Prussia and Bismarck regarded the war of 1866 as only the first stage. Peace had hardly been signed when the King set about the reorganization of the army, which was to be swelled by the forces of the annexed States and those which entered the Confederation with Prussia. The number of army corps was increased from nine to twelve.

CHAPTER VI

THE HOHENZOLLERN CANDIDATURE

Astuteness of King William and Bismarck—Beginnings of the Hohenzollern Candidature question in March, 1869—Prince Leopold's refusal—He is compelled to accept—Proceedings at Ems—the Prince of Hohenzollern withdraws—M. de Gramont's inconsistent demands—The Ems incident—Bismarck's telegram—The opposition of the southern States.

BISMARCK and King William were at one in their conviction that they must proceed step by step. They were both anxious that they should have appearances on their side. In 1866 they managed affairs so that the declaration of war came from Austria. In 1867 they were not sufficiently certain of the support of their German allies to risk a new war. They were also afraid of alarming Europe.

But while Von Moltke and Roon were preparing the army, Bismarck was seeking the occasion. Early in 1869 he put forward the Prince of Hohenzollern as candidate for the Spanish throne. King William, however, thought his forces were not ready.

M. Benedetti has told us that it was on the 27th of March, 1869, that he first drew the attention of the Quai d'Orsay to the Hohenzollern affair. On the 11th of May he questioned Bismarck on the subject, and received the answer that "if the Prince became King of Spain his rule could only be a short one, and would expose him to personal danger as well as disappointments."

However, in November, 1869, with Bismarck's approval, Herr von Werther, Prussian Minister to Bavaria, presented to the Hohenzollern princes, in one of their castles, a Spanish envoy, Señor Salazar, who had been commissioned to offer the Spanish crown to one of them. He offered it to each in turn, and even to King Charles of Roumania, but all declined the honour. Señor Salazar paid a second visit to Germany in January, 1870, but on this occasion went straight to Berlin. Prince Leopold was hesitating. On March 20th, 1870, Prince Anthony wrote: "Bismarck wishes the offer to be accepted for

dynastic and political reasons. On the 15th we held a very exciting and important conference. The King presided, and the Crown Prince, Bismarck, Roon, Moltke, Schleinitz, Thile and Delbrück were present. They all agreed in recommending us to accept, saying we could not refuse as good Prussians. Leopold has declined." Prince Frederick was suggested instead, but Prince Leopold, "pressed by all," ended by accepting.

At bottom no one cared a fig for the Spanish crown. What was wanted was a pretext for a war with France. But the King of Prussia hesitated to make war over an affair which was the peculiar concern of the Hohenzollern dynasty.

When the issue became clear in the month of July, the Prussian Government told the Powers that if the King had furthered the candidature of the Prince of Hohenzollern it was as head of his family and not as King of Prussia. The affair was no concern of the Government. Besides, the Cortes had not yet ratified the selection of Prince Leopold.

At the moment of crisis the system of absence and alibi was conspicuous, as again in 1914. Bismarck was at Varzin, the King at Ems, the Ambassadors were on leave and only the Under-Secretary of State, Herr Thile, was in Berlin. Herr Thile disclaimed all interest in the matter.

M. Benedetti went to Ems, armed with a letter from M. de Gramont telling him to obtain the following declaration from the King:

"The King's Government does not approve of the Prince of Hohenzollern's acceptance, and orders him to withdraw it." The minister added: "I must be informed if the Prince, in obedience to that command. . . ." M. Benedetti did not adopt the hectoring terms which had been dictated to him. "It shall be my special care not to precipitate the Government with myself into the trap laid for us."

M. de Gramont did his best to lead France into the trap. The Prince of Hohenzollern withdrew his candidature. It is true that France only learned this from a source outside the negotiations at Ems, but M. Thiers rightly declared that the withdrawal was enough. The affair was closed. Unhappily the Ollivier ministry hankered after some patent proof of success. M. de Gramont, without telling M. Benedetti, asked the Prussian Ambassador to invite the King to address a letter to the Emperor stating that he had never

intended to encroach on the interests and honour of the French nation in authorizing the candidature of the Prince of Hohenzollern. Leaving M. Benedetti in ignorance of this step, he instructed him to ask the King of Prussia "to give an assurance that he would never again authorize the candidature of a Hohenzollern prince." This meant that the Ambassador was to ask more of the King than the Minister for Foreign Affairs was himself asking

On the morning of July 13th the King met M. Benedetti out walking and went up to him. M. Benedetti asked him "to authorize him to convey to his Government the assurance that His Majesty would use all his authority to forestall any attempt to renew the candidature withdrawn."

"You ask me," the King replied, "for an undertaking unlimited in point of time and for all circumstances. I cannot give it." He expressed regret that he could not make so "novel and unexpected a concession." In the afternoon the King had the Ambassador informed that Prince Leopold had withdrawn and that he approved of the withdrawal; further, that he regarded that intimation as the end of the negotiations. The King did not refuse to receive M. Benedetti. He merely informed him that he refused to continue the discussion as to guarantees for the future.

Was the goal of the Ollivier ministry a patent diplomatic score to exhibit to the *Corps Législatif* or was it war? In either case, its position was such as to serve the ends of the King of Prussia. Bismarck was immediately authorized to do all he could to bring about war. He recalled the German Ambassador from Paris. He gave his own version of the Ems incident to all the Governments. The King telegraphed to him:

"Count Benedetti spoke to me on the promenade, in order to demand from me, finally, in a very importunate manner, that I should authorize him to telegraph at once that I bound myself for all future time never again to give my consent if the Hohenzollerns should renew their candidature. I refused at last somewhat sternly, as it is neither right nor possible to undertake engagements of this kind *à tout jamais*. Naturally I told him that I had as yet received no news, and as he was earlier informed about Paris and Madrid than myself, he could clearly see that my government once more had no hand in the matter."*

Bismarck, who had Moltke, the Chief of the General Staff, and Roon, the War Minister, dining with him, asked them if the army were ready.

* Bismarck: *Reflections and Reminiscences*, Vol. II., p. 96.

On their reply in the affirmative, Bismarck boasts that he "edited" the telegram in such a way that it ended thus:

"His Majesty the King thereupon decided not to receive the French ambassador again, and sent to tell him through the aide-de-camp on duty that his Majesty had nothing further to communicate to the ambassador."*

Bismarck adds that he said to his guests:

"It is important that we should be the party attacked, and this Gallic overweening and touchiness will make us, if we announce in the face of Europe, so far as we can without the speaking trumpet of the Reichstag, that we fearlessly meet the public threats of France."

The two generals, hitherto silent and dejected, "suddenly recovered their pleasure in eating and drinking," and Roon said piously: "Our God of old lives still and will not let us perish in disgrace."†

The treaties with the South German States were defensive. Count Bray, the Bavarian minister, prompted by his friend Beust, and Varnbüler, the minister of Würtemberg, hoped to be released from their obligation to follow Prussia over a question which, as it concerned the Spanish throne, could excite neither interest nor passion in Germany. Between July 13th and 16th the Second Chamber and a body of the Press in Bavaria were opposed to war. The Government of Napoleon III. played wholesale into the hands of the King of Prussia and Bismarck by declaring war on the 15th of July. Yet even on the 19th the Commission of the Bavarian Chamber decided that there was no ground for raising the *casus fœderis*, and its resolutions were only defeated by 89 votes to 58. The Treaty of 1866 had been received without enthusiasm in Würtemberg and the Duchy of Baden. As Bismarck had foreseen, the unity of Germany was created, willy-nilly, by war.‡

* Bismarck: *Reminiscences*, Vol. II., p. 99.

† *Ibid.*, p. 100.

‡ *Supra*, Part I., Chap. IV., "The German Autocracy."

CHAPTER VII

THE CERÇAY PAPERS AND THE GERMAN EMPIRE

The Duc de Gramont against Austria and Italy—The Bavarian minister Bray—His policy and conversion—Count Beust follows suit—The Cerçay papers—M. de Ruville's explanation—Bavarian opposition—The ceremony at Versailles—The Emperor disagrees with Bismarck—The Emperor prefers the title of "Emperor of Germany" to that of "German Emperor"—The necessity of dissolving the German Empire.

NAPOLEON III.'s foreign policy seemed conceived entirely in the interests of the King of Prussia. He declared war on him at the moment most favourable to Prussia. France might have had powerful allies, for both Count Beust, for Austria, and Italy offered him their alliance. In the case of Italy, however, there was a condition—the abandonment of Rome. On the 25th of July the Duc de Gramont heard that a compact had been concluded and immediately tore it up with the words, "France cannot defend her honour on the Rhine by sacrificing it on the Tiber." On the 27th he wrote: "Count Beust's conduct fills us with disgust and aversion." All Gramont's desires were fulfilled. He had the war he longed for. He lost the alliances he did not want,* and he added the finishing touches to the edifice of the German Empire.

In Bavaria Prince Hohenlohe who pursued a policy favourable to Prussia, had been replaced by Count Bray, who had certainly had some share in Count Beust's project of an alliance between France and Austria.

In spite of Gramont's refusal to accept Beust's proposals, the Austrian minister suggested that Austria should take advantage of the absence of the German armies to recover Silesia and march on Berlin. According to his opponent, Hohenlohe, Bray even went so far as to say to Count Stadion: "Austria made a grievous mistake when the Bavarian Chambers admitted the *casus fœderis*. She ought

* Bolton King: *The History of Italian Unity.* Emile Bourgeois: *Manuel Historique de Politique Étrangère,* Vol. III. p. 722.

to have threatened them with an immediate declaration of war if they did not reverse their resolution and declare their neutrality. The King is losing himself in his castles."

During the siege of Paris Bismarck elaborated his scheme for the foundation of the German Empire. He wanted the initiative to come from Bavaria. In October he invited Baden and Würtemberg to send delegates to Versailles, but he dared not put pressure on Bavaria, and "left her free to act in accordance with her interests." Bray declared that he would himself go to Versailles and Beust reminded him that "Article 4 of the Treaty of Prague provided that His Majesty the Emperor of Austria consented to the German States south of the line (the river Main) forming a union the national ties of which with the North German Confederation should be the subject of a subsequent treaty between the two parties and which should have an independent national existence."

Bray arrived at Versailles on October 23rd. After a few days, dreading the addition of Baden, Hesse and Würtemberg to the Northern Confederation, he conceived the idea of a new Bavarian Confederation. "The King of Bavaria should appear side by side with the German Emperor as the representative of the German Empire. These two sovereigns would each represent a part of Germany and together the whole." It is perfectly clear that neither William nor Bismarck would have accepted this combination. Bray told Bismarck that he intended to leave Versailles and return to Munich; but on the 5th of November he had a long interview with him and came away from it a changed man. From being an opponent of the German Empire he became an ardent enthusiast for it.

At the same time Count Beust, who pretended that he was taking his wife to Switzerland, visited Munich. He saw the Bavarian ministers and induced them to accept the German Empire. Würtemberg drew back. King Charles wrote to his representatives at Versailles to sign nothing which Bavaria would not accept. Bray advised the ministers at Stuttgart to sign and on the 23rd he was authorized to sign by King Louis.

What had happened at the interview of November 5th between Bismarck and Bray?

This is the explanation given by a Professor of Halle University, Herr A. de Ruville, a German, though his name sounds French, in his book, "The Rôle of Bavaria in the Restoration of the German Empire." Some Mecklemberger chasseurs discovered a bundle of

papers in the château of Cerçay, near Brunoy, belonging to M. Rouher. They forwarded them to Bismarck. These documents had been sent to Cerçay by Rouher to prevent their falling into German hands. That was precisely what had happened.

These papers have hitherto remained inaccessible. Herr de Ruville was not able to see them, but has managed to reconstruct some of them from the memoirs of the men referred to and the books published by them or about them. He shows that they must have contained some of Benedetti's letters, the Emperor's instructions, the letters of Drouin de Lhuys and the Marquis de la Valette, the dispatches of the French ambassadors and ministers in Germany and the letters of Count Beust. Bismarck has shown in conversation that he was familiar with some part of their contents. In 1871 he published in "The Monitor of the Empire" some letters of Benedetti, written in August, 1866, on Napoleon III.'s annexation schemes. Rouher had a note in the following terms inserted in the newspaper *Le Peuple Français:* "Benedetti's letters are not the only documents which have fallen into the hands of the Prussian Government. All the private correspondence that passed in 1865 and 1866 between the French Government and the Governments of Bavaria and Würtemberg were also left at Cerçay and are now in the possession of Prince Bismarck." This was a threat against the ministers who had become Bismarck's allies. It was Bismarck's main preoccupation not to compromise them and he ceased to publish extracts from the Cerçay papers.

Wachenhusen, the correspondent of the *Cologne Gazette*, says that at Cerçay he found a letter from Dalwigk, the Hessian Minister, to Rouher *apropos* of the Luxemburg affair in which occurred the phrase: "If there is war, the French will be received with open arms in Germany." In 1867 Ducrot had furnished numerous reports of his conversation with the Grand Duke of Hesse, who said to him: "How could the Emperor have left us to the vengeance of these unspeakable Prussians?" Ducrot also recalled the autograph letters of this Grand Duke, the King of Würtemberg and the King of Bavaria to the Emperor, both before and after Sadowa, begging him for help.

These letters were taken to the Chancellor about the 12th of October. More than a year later Bismarck told Hohenlohe that there were still "whole boxes of letters he had not yet examined," and that the seizure of the papers had put him in possession of "the entire diplomatic correspondence of Napoleon III." He told Count Beust himself that all his correspondence had been taken at Cerçay.

Herr de Ruville's conclusion is that Bismarck received at the end of October the most important of the documents, such as the correspondence of Count Beust with Bray and Gramont, the letters of Varnbüler and Dalwigk, and the letters of the Grand Dukes and Kings of the Southern States. Bismarck possessed a powerful blackmailing weapon against them and used it immediately. Hence the change of front of Bray, Beust and Dalwigk.

" This is the key," says Herr de Ruville, " to the foundation of the German Empire, a phenomenon of which no satisfactory explanation has hitherto been given."

Bavaria only accepted the Empire on January 21st, though the Imperial Constitution had been in operation since January 1st and the ceremony in which the King of Prussia was proclaimed German Emperor took place on the 18th. That great scene was enacted in the *Galerie des Glaces* at Versailles. It was Prussia's revenge, in the palace of Louis XIV., for the humiliations she had suffered at the hands of Napoleon.

However, William's ambitions were not completely realized by his enthronement as successor to Louis XIV. He desired the title of Emperor of Germany which would have implied sovereignty over the non-Prussian States, the rulers of which were unwilling to acknowledge it. Bismarck had persuaded the Reichstag to vote the Constitution and give the King the title of German Emperor only. On the morning of the Versailles ceremony Bismarck had called on the Grand Duke of Baden who had been selected to speak immediately after the reading of the proclamation, and asked him what title he proposed to give the new Emperor. " Emperor of Germany, as his Majesty has decreed," was the answer. Bismarck showed him that the King's desire could not be fulfilled, and the Grand Duke got out of the difficulty by acclaiming " the Emperor William." Bismarck says :*

" His Majesty was so offended at the course I had adopted, that on descending from the raised daïs of the princes he ignored me as I stood alone upon the free space before it, and passed by me in order to shake hands with the generals standing behind me. He maintained that attitude for several days until gradually our mutual relations returned to their old form."

The Imperial Constitution was the execution of the November treaties which provided for a Confederation formed by the amal-

* *Reminiscences and Reflections*, Vol. II., p. 132.

gamation of the North German Confederation with Hesse, the Grand Duchy of Baden, Würtemberg and Bavaria.

Alsace-Lorraine was incorporated in the German Empire by the Law of the 9th of June 1871, which transferred the exercise of sovereignty in the two provinces to the Emperor, though certain executive acts required the approval of the Bundesrat and Reichstag.

Such is the German Empire, a work of "iron and fire," of lies and threats, consummated thanks to the weakness, indifference and diplomatic errors of the other nations of Europe, and notably France. Bismarck and the Emperor William only brought it into being for the benefit of Prussia. Their aim was the prussification, not the unification, of Germany.

In the first two parts of this book we have seen the system they inaugurated at work. It has given countless proofs that it is the greatest moral and material danger the world has ever faced. That danger can only be removed by the dissolution of this political power. How can that be done once and for all ? The treaty which will mark the end of the present war must provide the solution of the problem.

PART IV

THE HISTORICAL CAUSES OF THE WAR

THE AUSTRO-HUNGARIAN MONARCHY

CHAPTER I

RACES AND NATIONALITIES

Definition of a race—Lack of agreement—The different elements of ethnic groups—The secondary rôle of somatic characteristics—The race question in Austria-Hungary—Historical and linguistic characteristics.

EVERY anthropologist knows the difficulty of comparing the somatic characteristics of one human group with those of another. The word "race," which is used so glibly in current speech, is indefinite from the point of view of scientific language.

Topinard's classification, based on the grouping of five characteristics, the nasal index, hair, cephalic index, colour and height, distinguishes nineteen races.

M. A. Hovelacque, in his article "Races Actuelles" in the *Dictionnaire des Sciences Anthropologiques*,* says: "Unquestionably different characteristics distinguish the different human races. But there is no exact relationship between these characteristics. Classifications are out of touch with reality and do not correspond to scientific distinctions. It is mere fantasy to claim to have reduced a complex of characteristics to a system."

M. Deniker, in his learned work, "Races et Peuples de la Terre," explains that he only uses the word "race" because it is in general use, but that the groups designated by that word are "ethnical groups," constituted in virtue of community of language, religion and social institutions, but never of zoological species. They may include human beings of one or several species, races and varieties.† Somatic characteristics only play a secondary part.

* *Dictionnaire des Sciences Anthropologiques: Magyars*, by Emile Picot; *Races*, by A. Hovelacque; *Roumains*, by A. Hovelacque. *Les Races et les Nationalités de l'Autriche-Hongrie*, by B. Auerbach (1898; Paris, F. Alcan). J. Deniker: *Races et Peuples de la Terre*, 1900. W. Z. Ripley: *The Races of Europe*, 1900 (Kegan Paul & Co.).

† Deniker: *Op. cit.*, p. 3.

In the three provinces of German Austria the population is predominantly brachycephalic with brown eyes and hair.* With the exception of the Slovenes, the Dalmatians and the Croats, who are brachycephalic and tall, all the groups present certain broad common characteristics.

M. Louis Leger relates that in 1866 Thiers maintained that Austria was populated by Germans. Yet the race question is the predominating issue in Austro-Hungarian politics.

In 1849 Palacky, the famous historian of Bohemia, counted seven nationalities—Germans, Bohemians, Poles, Italians, Jugo-Slavs, Magyars and Wallachians.

These groups can be divided into two classes. On the one hand there are the German and Hungarian groups which desire to dominate the others; on the other the rest, which all possess their history and language to testify to their powers of resistance, often carried to the point of heroism.

Austria has been called a "polyglot polyarchy."

The historical and linguistic groups, the origin of which is extremely obscure, invoke in their favour historic rights based on documents and facts more or less disputed and disputable. To realize their position and the political complexity of the Austro-Hungarian question, it is necessary to review the history of the more important among them.

* Auerbach: *Op. cit.*

CHAPTER II

AUSTRIA

The Austrian Marches—The Duchy—The Hapsburgs—The monogram A.E.I.O.U.—Austria was never among the Electors of the Empire—A Duchy—Austria has no history—The title of "Emperor of Austria" dates from 1804.

THE word "Austria" is a translation of the German *Österreich* (Eastern Kingdom), which appears for the first time in a document of 996: "In regione vulgari nomine Ostirrichi." But it was not a kingdom. It was composed of two Marches governed by Margraves (*Mark Graf*, Count of the March, or border); that of Friuli, comprising Lower Pannonia south of the Drave, Carinthia, Istria and Dalmatia, less the littoral which had been ceded to the Emperor of Constantinople; that of the East, comprising Lower Pannonia north of the Drave, Upper Pannonia and the Ostmark (East Mark) proper. The population was German and Slav. The frontiers of this mark underwent frequent changes. At one moment it included Bavaria, at another it lost Pannonia. The Hungarians invaded a part of it, but were driven out after the battle of Augsburg. Leopold of Babenberg, whose name is commemorated in that of the town of Bamburg, received the East Mark in 973, and founded a dynasty which died out in 1246. His early successors carried the boundary of the mark to the Leitha after struggles with the Hungarians for the advantage of the Holy Roman Empire, which gave them assistance. Their policy conformed to that of the Emperors, whom they usually supported in their conflict with the Papacy. Leopold III. married the sister of Henry V., by whom he had eighteen children. By the marriage of his daughters the House of Babenberg became connected with the families of Saxe-Thuringen, Montferrat, the Piasts of Poland and the Premyslides of Bohemia.

This policy of matrimonial alliances, begun by the Babenbergs was continued with great skill by the Hapsburgs.

Henry II., after being compelled to surrender Bavaria, which he had acquired through his marriage with the widow of Henry the Proud, but which was claimed by the son of the latter, Henry the Lion, after his mother's death, made Austria into a duchy free of all suzerainty of Bavaria, and even hereditary in the female line (1141–1177). He was one of the founders of Vienna.

Leopold V. acquired Styria, populated by Slovenes and Germans.

After King Ottokar II. of Bohemia had twice refused to recognize him, Rudolph of Hapsburg was elected Emperor in 1273. He compelled Ottokar to give up Carinthia, Carniola, Austria and Styria and regarded Bohemia as an integral portion of the Empire.

But the imperial dignity was not hereditary. As became a man of prudence Rudolph presented Austria, Styria and Carniola to his sons Albert and Rudolph at Augsburg in 1282. Skilful though the Hapsburgs were in adding to their possessions, they were not successful in their efforts to get the Dukes of Austria included among the Electors of the Holy Roman Empire. By way of compensation, Rudolph IV. invented the *Privilegium Majus*, consisting of a series of forged documents, which gave all kinds of privileges to Austria. These franchises nearly brought on war and led to the treaty of 1364, by which the Houses of Hapsburg-Austria and Luxemburg-Bohemia guaranteed each other's hereditary possessions. Rudolph IV. added the Tyrol to his inheritance. Albert V. acquired Moravia through his marriage with Elisabeth, the daughter of the Emperor Sigismund, in 1422. At Sigismund's suggestion the States of Bohemia and Hungary chose him as King (1438). From that time forward the imperial dignity became hereditary in the Hapsburg dynasty. Frederick V., grandfather of the Emperor Charles V., and Ferdinand of Austria, made Austria an archduchy. He was the author of the famous monogram A.E.I.O.U.: *Austriæ Est Imperare Orbi Universo; Aquila Electa iuste omnia vincit; Alles Erdreich Ist Oesterreich Unterthan* ("The whole earth is Austria's vassal").

The real greatness of the House of Austria dates from the reign of Maximilian. He annexed Styria, Carinthia, Carniola and the Tyrol, possessed Trieste and Friuli, and inherited Gorica, Gradisca, Nuttesburg and the Pusthertal. He fought France to secure his succession to the Duchy of Burgundy. He used his influence as Emperor to make another attempt to include Austria in the number of the Electors. The seven Electors all refused to allow any addition to their number. Thus Austria, which had the dignity of Holy Roman

Emperor hereditary in her ducal line, was not one of the electoral powers.

Maximilian's son, Philip the Fair, was the father of Ferdinand I. and Charles V., who was elected Emperor in 1519. But though Charles kept the title of Duke of Austria, he handed over his German possessions to his brother Ferdinand, to whom the Hungarians and Czechs offered the crown in 1526 after the defeat of Mohacs. Nothing survived of Charles V.'s Empire, comprising the Low Countries, Spain, part of Italy and America, but Ferdinand consolidated the position of Austria.

Austria has no history of her own. Her dukes had all manner of relations with Hungary, Bohemia and the other nationalities over which she extended or sought to extend her sway. They were elected Emperors, though the imperial dignity was hereditary in the House of Hapsburg, and as such they played an active part in the general history of the world. But Austria has never been a nation, nor even a kingdom. Before 1804 Austria was an archduchy. When Napoleon had himself proclaimed Emperor of the French, Francis II. had himself proclaimed Emperor of Austria, and the Holy Roman Empire came to an end in 1806.

CHAPTER III

THE CZECHS

I. Slavs and Teutons—The Czech civilization—The bishopric of Prague—German "peaceful penetration"—Relations with France—The King of Bohemia as an imperial Elector—The struggle against German influence—John Huss—The Czech language—Prague University—The Council of Constance—The resistance of the Hussites—Ferdinand of Hapsburg—The *Confessio Bohemica*—The Lettre de Majesté—The defenestration of Prague—The Battle of the White Mountain—Reaction in Bohemia.

II. The awakening of national feeling—The *Judgment of Libusa*—Palacky's letter to the Committee of Fifty—The Congress of Prague—The three issues in Austria: Centralism, Dualism and Federalism—The Constitution of 1849—The reaction—German policy—The electoral system—Dualism—The progress of the Czechs—The decay of German influence—The Germans and the Czechs—The *Wacht am Rhein* and the *Marseillaise*.

THE Germans assert that the country of Bohemia, originally conquered by the Teutons, was invaded by the Slavs between the fifth and seventh centuries.* But according to Posidonius, the Cimbri, in their march on Rome, came into collision with the Boii, who gave their name to Bojohœmum—Bohemia. The frontiers of Bohemia and Moravia have been, according to the German historians Ranke, Treitschke and Lamprecht, the scene of the struggle between Slav and Teuton. This fact gives its importance to the history of Bohemia, the people of which form the most clearly defined of the national groups which make up the Austro-Hungarian Monarchy. In 874 Bohemia was governed by a Christian prince, Borivoj. His son sought the protection of Germany and substituted the Latin Liturgy for the Slav Liturgy, which was in the vernacular. Henry

* *The German Colonisation of the East*, by Professor Richard Mayer, in the "*History of the World*," of Dr. H. F. Helmolt, Vol. VI. (London, W. Heinemann). *Les Races et les Nationalités en Autriche-Hongrie*, by Bernard Auerbach (Paris, F. Alcan). *Histoire de l'Autriche-Hongrie depuis Marie-Thérèse*, by M. Asseline (Paris, F. Alcan). Louis Léger: *Histoire de l'Autriche-Hongrie, le Monde Slave, etc. Austria-Hungary*, by Geoffrey Drage.

the Fowler, with the assistance of Arnulf of Bavaria, invaded Bohemia and compelled King Vacslav, canonized by the Church and better known under his Latin name of St. Wenceslaus, to pay tribute. The bishopric of Prague was founded towards the close of the tenth century but was attached to the archbishopric of Mainz. Its first bishop was St. Adalbert who baptized the Priest-King Stephen of Hungary, went to Poland, and was murdered by the Prussians in 997 during his missionary labours amongst them.

Vratislav II. rendered assistance to the Emperor Henry IV. in his Italian expeditions and was rewarded with the title of King in 1086. Bohemia, torn by the quarrels of the princes, the nobility and the Bishops of Prague, was in a state of feudal anarchy. The small land-owners, exploited by the nobility, grouped themselves round the great barons from whom they received protection while increasing their influence.

When Premysl Ottokar II. ascended the throne in 1250 Bohemia had become a powerful State. This sovereign, at the invitation of Pope Innocent IV., sent an expedition to East Prussia which founded Königsberg, the future capital of the Kingdom of Prussia.

Surviving every species of political turmoil, Bohemia soon became the centre of mid-European civilization and Prague one of its commercial emporia. The silver mines of Kutua Hova and Némeky Brod were worked there. On the occasion of the marriage of Wenceslaus II. in 1297, there assembled twenty-eight princes and their suites, with thousands of horses, it is said, and the ceremony was reckoned as one of the greatest pageants of the Middle Ages.

During the twelfth and thirteenth centuries the Germans, on the invitation of the Kings of Bohemia, had been busy clearing the forests. Germans engaged in trade and occupied the episcopal see of Prague and other important state offices.

The dynasty of the Premyslides came to an end in 1306 with Wenceslaus III., who was compelled by the Emperor Albert to renounce all interest in the relations between Bohemia, Poland and Hungary, and was assassinated shortly after.

John, son of the Emperor Henry of Luxemburg, was so devoted to France that, although blind, he fought and was slain at the battle of Creçy; but he had had his son Charles brought up in France and this prince brought away a passion for economy and order, a striking tribute to the superiority of French government at that period. He restored the administration of finance and justice in Bohemia and

suppressed brigandage. In 1348 he founded the University of Prague which brought together nearly twenty thousand students and was second only to that of Paris. He invited a Frenchman, Mathias of Arras, to rebuild the cathedral of Saint Vit, built the great stone bridge and the royal castle of Prague, and founded the first school of painting of the Middle Ages. Czech literature developed greatly during his reign. In 1355 he added to his Bohemian kingdom the Duchy of Silesia, the Marquisate of Lusatia and two districts of Poland. He became Emperor as Charles IV., and in 1356 settled the German imperial constitution by his "Golden Bull." This document provided that the King of Bohemia was to be one of the seven electors of the Holy Roman Empire, but that Bohemia itself was not to be a fief of the Empire. If the royal family died out, the King of Bohemia could only be elected by the States and the Emperor could not interfere. All appeals abroad were forbidden to Bohemian subjects.

The German influences which threatened to strangle the country were strongly resisted by a powerful national movement which, under a religious form, centred in the figure of John Huss. Dean and preacher of the Bethlehem chapel, he delivered sermons in the Czech tongue in 1402. He reformed it, fixed its orthography, adapted the Latin alphabet to it and weeded out the germanisms. Having attacked clerical abuses, he was accused of sympathy with the doctrines of Wycliffe. Supported by the King, the Bohemian nobility, who were attracted by the prospect of sharing in the secularization of ecclesiastical property, and the people, he proclaimed that "the Czechs ought to be the first in the Kingdom of Bohemia, as the French are in the Kingdom of France and the Germans in Germany. The laws, the divine will and natural instincts decree that they should fill the high places." King Wenceslaus ordained that thenceforth the Czech nation should have three votes in the universities and foreigners only one. The Germans, angry at losing their control, went away to found the University of Leipzig and bided the day of revenge. John Huss was appointed Rector of Prague University, but Pope John XXII. laid every town which he visited under an interdict. Huss continued his propaganda in the castles of the nobility and the countryside.

A council assembled at Constance. The Emperor Sigismund invited Huss to appear before it and provided him with a safe conduct. Huss went to Constance, but the Council, alleging that the imperial safe-conduct was an encroachment of the temporal on

the spiritual power, threw him into prison on a charge of heresy. After being refused a hearing, he was handed over as a heretic to the secular arm and burnt alive on July 6th, 1415.

His death only inspired his followers. Under the name of "Utraquists" they set up the communion in both kinds in opposition to the Roman communion. The University of Prague made its stand before the Council. The peasantry gathered round leaders like the old knight, John Ziska, and took the name of "Taborites." The Emperor Sigismund proclaimed a crusade against them but met with defeat, and in a few months they held all the towns of Bohemia except Pilsen and Budejovice. The Germans were driven out in every quarter and lost all the advantages gained in five centuries of effort to establish their supremacy in Bohemia.

The Hussites offered the crown to Wladislaw of Poland who, prompted by Pope Martin V., perpetrated the blunder of not accepting it. The German princes, led by Sigismund, prepared a new crusade. The Hussites were distracted by dissensions. Some of the nobility seceded. Nevertheless, the imperial army was again routed by the blind Ziska on the banks of the river Sazava (1422). Ziska's troops were possessed by a fanatical religious mania which is not easy to understand to-day, but at the same time they were defending Czech and Slav nationality against the Germans. Unfortunately the Taborites came to blows with the party of the "Compactata," who had made great concessions to the Utraquists. The Taborites were disastrously defeated on May 30th, 1434, at Lipau, where Procop and sixteen thousand of his men were slain. "The Czechs were never beaten save by themselves," says M. Louis Leger, who has familiarized France with the history of the Slav nationalities, a subject hitherto and elsewhere ignored.*

In the end the Emperor Sigismund agreed to exclude all foreigners from public appointments, to allow Hussite preachers at his court, and to guarantee the prosperity of the University of Prague.

The nation was exhausted, but the nobility had grown rich at the expense of the Church and the Crown. The national movement of John Huss had died away in theological quibbles. Sigismund's death in 1437 brought the male line of the House of Luxemburg to an end and the union of Bohemia with Hungary was still unachieved.

The struggle of Bohemia against the Germans and Hungarians continued with varying fortunes. In 1526, after the defeat of the

* *Histoire de l'Autriche-Hongrie.*

Hungarians by the Turks in the famous Battle of Mohacs, a commission of the Diet elected Ferdinand of Hapsburg as King, and from that time forward the Bohemian crown has been hereditary in his dynasty. Being a brother of Charles V., he was anxious to help on the work of stamping out Protestant heresy, but the Utraquists of Bohemia and the Bohemian brethren sympathized with the Lutherans. After the defeat of the German Protestants at Mühlberg (1547) Ferdinand established the Jesuits in Bohemia and revised the franchises of the towns. The "Compactata" were abolished under Maximilian who, King of Hungary as well as Emperor, and an astute politician if a sceptic, hoped to hold his widely varying dominions together by the bonds of religious unity. The majority of the Diet adopted a profession of faith known as the "Confessio Bohemica," which was inspired by Calvinism. Maximilian expressed his personal approval, but refused to allow it to be published or kept in the State charters (1575). In 1609, however, Rudolph recognized the *Confessio Bohemica* in a *Lettre de Majesté*, and gave the Protestants control of Prague University. In 1617, during the reign of Mathias, the Archbishop of Prague ordered the suppression of Protestant services. The Bohemian Protestants, acting under the direction of Count Thurn, protested, and resolved to punish the King's confidential advisers. They hurled two out of five of them and their secretary from a window of the Castle of Prague. Their cloaks acted as parachutes and they fell nearly a hundred feet on to a rubbish heap and were not killed. The "defenestration of Prague" was the signal for the outbreak of the Thirty Years War.

No country suffered more than Bohemia during that upheaval. The Battle of the White Mountain on June 21st, 1621, left her helpless before Ferdinand. The leaders of the national movement were executed and their heads exposed on the bridge at Prague. Others were banished. All their property was confiscated and given to adventurers, mainly Germans, who had joined the imperial ranks. Even at the present day the Bohemian nobility are for the most part descended from these upstarts. The Catholic religion was the only one allowed. The Jesuits controlled the University and Archbishopric of Prague. In 1627 the Bohemian Constitution was abrogated, and the crown declared hereditary in the Hapsburg dynasty. German became the official language side by side with the Czech, and later, in the reign of Joseph II., was proclaimed the sole official language. The history of Bohemia, as a nation, stops here. Overrun and

ravaged in turn by the armies of Wallenstein and the Swedes, by the end of the war she had lost a large proportion of her population.

At the beginning of the twentieth century, however, the resurrection of Czech nationality was heralded in literature. Old Czech books were brought to light. M. Louis Leger, in his "Histoire de l'Autriche-Hongrie," says: "The discovery of poems of the Middle Ages, like the *Judgment of Libusa* and the manuscript of *Kralove-Dwor*, was received with enthusiasm." The authenticity of these poems has been questioned, but they none the less had an irresistible influence. "Shame were it on us to take our law from the Germans," said the *Judgment of Libusa*. "The stranger has entered by force into our heritage and commands us in an unknown tongue," said the *Kralove-Dwor* manuscript. In 1824 the poet Kollar published the *Slavy Deera* ("The Daughter of Slava"), and cried: "Shame on Bohemia that she has let herself be colonized by the Germans." And in a passionate appeal he proclaimed the unity of the Slav race:

"Russians, Serbs, Czechs, Poles, unite! From Athos to Pomerania, from the fields of Silesia to the plain of Kossovo, from Constantinople to the Volga, everywhere where the Slav tongue is spoken, let us all rejoice and embrace!"

In 1848 the National Party demanded union with Moravia, the restoration of Silesia to Bohemia, the reconstitution of the kingdom of Bohemia, and the establishment of equal rights for the two nationalities of Austria and Bohemia. It was not an extravagant programme.

The German Committee of Fifty at Frankfort assembled to arrange the convocation of the German Parliament, invited Palacky, the historian of Bohemia, to join them. He replied:

"The avowed object of your meeting is to replace a federation of princes by a federation of peoples and revive the national sentiment of Germany. . . . I am no German, but a Czech, of Slav origin, and such as I am, I am at the service of my nation. It is perhaps a small nation, but it constitutes a historic individuality."

The Government of Vienna had given Bohemia certain undertakings which it proceeded to disregard in the Constitution of April 25th. A Congress composed of Czech, Moravian, Slovak, Polish, Ruthenian, Croat and Serb delegates, was then summoned at Prague. Hardly had it met before it was broken up after a riot, the causes of which have never been known.

There were three parties, the party of "Centralism," supported by the Germans, which wished to unite all the nationalities under a single government at Vienna; the party of "Dualism," represented by the Hungarians who stood for Hungarian autonomy and domination; the party of "Federalism," which desired to maintain the Austrian Empire while satisfying all the various nationalities which composed it. Palacky had drawn up a federal constitution providing for four joint ministries and a central Diet composed of seven nations —Germans, Bohemians, Poles, Italians, Jugo-Slavs, Magyars and Wallachians.

At this moment the Frankfort Parliament was declaring that no part of the German Empire should be united in a single State with any non-German countries, and that if a German and a non-German State had the same sovereign, the tie between them was to be regarded as purely personal. The Austrian Emperor, so far from acquiescing in his exclusion from Germany, maintained his claim to the hegemony of Central Europe. The Diet which met at Vienna was dissolved, and the Government conceded the constitution of March 4th, 1849, which never materialized and was suppressed on January 1st, 1852. This constitution guaranteed equal rights, both to the historic nations (*Völker*) and the individual races (*Völkerstämme*). These "races," not defined, had the right of maintaining their language and nationality. The Government's mental reservation was not obscure; all these races were equal, but the German was their superior.*

Alexander Bach, the new head of the Ministry, resumed the traditional policy of Metternich until after the war with Italy. On the outbreak of that war the Bohemian peasants said: "If we are beaten we shall get a constitution, but if we win we shall have the Inquisition." The Emperor was beaten and dismissed Bach, but the Schmerling ministry persisted in his endeavours to maintain the German domination. They organized the provincial diets on the system of the representation of interests by establishing three classes of electors— the great landowners, the burgesses of the towns, and the country peasants. The distribution of the constituencies also favoured the Germans at the expense of the Slavs. In Bohemia the German hamlet of Panhen, with five hundred inhabitants, had a deputy, while the Slav town of Kladno had none. In 1863 the accession to power of Belcredi, a Moravian, brought a glimmer of hope to the Slavs.

* Auerbach, p. 29.

Unhappily, after Sadowa, the Emperor Francis Joseph summoned Count Beust, formerly Saxon Foreign Minister, whose one idea was to establish the Dual System and ruthlessly sacrifice the Slav peoples to the Magyars and the Germans of Austria. The Czechs of Bohemia and Moravia resisted, and in 1871 the Austrian minister, Karl Hohenwart, revived their hopes for the restoration of the kingdom of Bohemia. But the Germans destroyed these hopes at the meetings between Francis Joseph and William at Ischl, Salzburg and Gastein. The only concessions Bohemia secured were the recognition of the equality of the two languages in 1878 and the foundation of a Czech university at Prague in 1879.

Nevertheless, the Czechs go from strength to strength. Prague, which was a German city in 1850, is wholly Czech to-day. The same may be said of Pilsen and the smaller towns, which are recruited from the Czechs of the country districts. Germans predominate only in certain mining districts in the mountains.

The Germans of Bohemia, wearing the old colours of Germany and singing the "Wacht am Rhein," never attempted to conceal their hatred of the Czechs. They not only celebrated the anniversary of Sedan, but wished to raise a statue of Bismarck in memory of Sadowa. The Czechs replied with the "Marseillaise" and open professions of their sympathy with France.

In 1910 the Czechs of Bohemia, the Slavs of Moravia and the Slovaks of Transleithania numbered 8,500,000. If the Austro-Hungarian monarchy is dismembered they must form an independent State.

CHAPTER IV

THE HUNGARIANS

Their origin uncertain—They belonged to the Finno-Ugrian family—Their choice of Western civilization—St. Stephen—A State independent of the Roman and Eastern Empires—Struggles with the Turks—Ferdinand of Austria elected King of Hungary—The Ottoman invasions—Religious persecution—Resistance to German influence—The Hungarian aristocracy—Szechenyi—The Magyar language—Fiscal privileges—Historic rights and formalities—Revolts by and against the Hungarians—Retrogression—Hungarian policy is anti-German towards Hungarians, but Prussian towards others—Hungarian ambitions and their realization to-day.

THE origin of the Hungarians is very obscure. Their language is supposed to belong to the Finno-Ugrian family mingled with Turkish elements. It is surmised that among the subjects of the Khazars, a combination of Huns and Turks, whose Kha-Khan dwelt in the Crimea, was a race to whom the Greeks and Romans gave the name of Hungares or Hungarians. Vambéry pronounces them to be Turco-Tatars.

In the course of the ninth century they crossed the Carpathians under the leadership of their semi-mythical chief, Arpad, and spread over that great plain between the Danube and the Theiss, which they have called the "Alföld." There they found a remnant of the Khazar nation which went under the name of "Mogers," or "Magyars," a word meaning "men of the soil," according to the derivation generally accepted. Vambéry, however, alleges that it is synonymous with the Turkish word "bajar," meaning "powerful" or "ruler."

The Emperor Arnulf summoned them to war against the Moravians, and they destroyed the Moravian kingdom. In 899 they ravaged Carinthia and Friuli, and penetrated into Lombardy. In 900 they invaded Bavaria and imposed tribute. Their horsemen overran Alsace, Lorraine and Burgundy, leaving behind them the word "ogre" as a souvenir of the terror they inspired; but in 955 they were routed at the Battle of Augsburg and driven out of Germany.

The Hungarians had to choose between Eastern and Western civilization. They adopted the Latin alphabet and the Roman faith. In 1000 A.D. Stephen received the crown at the hands of the Pope. The state he thus founded was subject neither to the Eastern nor the Western Empire. The Magyars have preserved the crown of St. Stephen as the symbol of their nationality.

They shared in the defeat of the Serbs on the fatal field of Kossovo in 1389. Occasionally allied to the Ottomans, they more usually suffered defeats by them. After the battle of Mohacs in 1526, in the hope of increasing their military power they offered the crown of St. Stephen to Ferdinand of Austria, subject to a declaration on his part that "we bind ourselves to preserve your nation and language and never to betray them" ("*Nationem et linguam vestram servare, non perdere, intendimus*").

Few nations have suffered greater misfortunes than the Hungarians. Before 1689 Hungary was invaded and partially occupied by the Turks. She adopted the Reformation and suffered abominations, like the Pressburg trial of 1673, when ninety Protestant ministers were condemned to death. In 1687 Leopold proclaimed that he had the right to treat Hungary as a conquered country and transformed the elective monarchy, an institution that had lasted seven hundred years, into a monarchy hereditary in the Hapsburg family. The "germanization" of Hungary proceeded apace.

Maria Theresa helped on the process by the arts of diplomacy, but Joseph II., saturated with the theories of the French philosophers, a man before his time and contemptuous of historical tradition and the claims of race and nationality, attempted to make the use of the German language compulsory. On his death in 1790, the Hungarians broke into revolt and tried to sever their connection with the Hapsburg dynasty. But the champions of Hungarian nationality were only the nobles and country magnates who oppressed the peasantry by shifting the burden of taxation on to their shoulders. They were in mortal terror that some echo of the French Revolution might be heard in the countryside and were very relieved when Leopold II. assumed the crown of St. Stephen.

When Francis II. proclaimed himself Emperor of Austria in 1804, their national pride was stung to the quick.

The wars of Austria with revolutionary France and Napoleon led to no secession by Hungary. After Wagram, Napoleon issued to the Hungarians a proclamation skilfully inspired by the poet Bacsanyi,

who had spent nine years in prison for having translated the *Marseillaise*. But to the Hungarian magnates Napoleon stood for the revolutionary ideas which they detested.

After 1815, Francis II., thinking that he had no further need of their services on the battlefield, neglected to convene the Diet and he and Metternich devoted their attention to germanizing them. In 1825, however, he wanted men for his campaign against Italy. He was compelled to summon the Diet. In previous diets a kind of dog-Latin had been spoken, but now Szechenyi spoke in the Magyar tongue in the House. Between 1833 and 1835 there were lively debates on the question of reforming the condition of the peasantry, but the magnates were extremely jealous of their privileges. When a toll was imposed on all, without distinction of rank, who crossed the bridge of Budapest, the great judge, Cziraki, vowed he would never set foot on that debasing highway.

Basing their claims on historic tradition, the Hungarians attach great importance to the formalities associated with it. Ferdinand IV. offended them deeply by neglecting to be crowned at Budapest.

The revolution of 1848 entailed the collapse of Metternich's policy. All the German princelets granted constitutions. All the nationalities of the Austro-Hungarian monarchy were in a ferment. On March 3rd the Chamber of Magyar Deputies, assembled at Pressburg, acting on the suggestion of Kossuth, passed a resolution demanding a constitution.

The Hungarians, however, were only a minority in the countries of the crown of St. Stephen. The Serbs, Croats and Roumanians over whom they tyrannized rose in revolt against them. The Hungarians likewise broke into rebellion against the Emperor who had commissioned Jellachich, ban of Croatia, to restore order. The populace of Vienna, loathing the Slavs, took the part of the Hungarians. On the 2nd of December, 1849, Ferdinand abdicated in favour of Francis Joseph, the present Emperor.

The new Sovereign called on Russia for aid. The Russians intervened actively and Hungary was reduced to silence.

Next came Austria's two disastrous wars, the struggle with Italy in 1859 and her defeat at Sadowa in 1866. That moment marked the triumph of Dualism. The Hungarian "sage," Déak, produced a programme of ten points, and in 1867 he secured the "Compromise" which "fixed the relations of Hungary towards the other lands under His Majesty's rule." Hungary recognized no central Parliament,

and constituted an independent constitutional monarchy with the Emperor of Austria as King. Hungary nominated delegates to the two chambers to deliberate on common affairs. The defence of the integrity of the monarchy was the common concern of Hungary and the other states of the Empire. Foreign affairs were a common concern, likewise finance so far as it related to the army and foreign policy. Common affairs were in the hands of a special Ministry.

This pact, however, only bound the Hungarians and the Emperor. Count Beust, who had been summoned from Dresden to take up the post of First Minister, is reported to have said to Déak: "Look after your own hordes and we will look after ours." By "hordes" he meant the Croats, Serbs and Roumanians.

From that time forth, while the Government at Vienna has proceeded with the germanization of Cisleithania, the Hungarians have patiently persevered with the task of magyarizing the Roumanians, Slovaks and Serbo-Croats who inhabit Transleithania. Nevertheless, their recriminations against Austria have not diminished. They have been anxious to transform the Compromise of 1867 into a simple personal union and there was a violent conflict over the question of giving orders in German in the army. For several years Hungary was in a state of anarchy.

As a race the Magyars are charming and friendly, but they never forget that they owed the Compromise of 1867 to the victories of Prussia and if their domestic policy has been anti-German, Andrassy showed that their foreign policy is Prussian.

To judge by the charges levelled by some Hungarians against the Government of Vienna it might be thought that they desired the separation of Hungary and Austria. Yet that is not the goal even of the extremists, for they have no wish to be ten million Hungarians isolated among the twenty-one million inhabitants of Transleithania. They do not look forward to the return of the three million Roumanians of Transylvania to Roumania, the constitution of a Czech state by the addition of two million Slovaks to the Czechs and Moravians, and the foundation of greater Serbia by the amalgamation of the Croats and the Serbs. Such an eventuality would find them a small State surrounded by peoples whom they had habitually harassed and oppressed. What influence would they have? What would be their part in the world? Hungary, confined within her true limits, would be cut off from the sea.

The Hungarians, so far from pining for separation, are the most active opponents of the dismemberment of the Austro-Hungarian monarchy. Their ambition is to dominate in that monarchy, and the present moment sees them under Count Tisza and Baron Burian in the act of realizing their desires.

CHAPTER V

THE SOUTHERN SLAVS

The Croats—Latin influences—The Serbs and Byzantine influences—Historic claims: Koloman II.—Croats *v.* Magyars—The defeat of Kossovo—Serbia—A Turkish pashalik from 1459 to 1804—The Croats escaped Turkish rule—Illyria—Subject provinces or allied kingdoms—Croat nationality—The *Nagoda* of 1868—Subjection to the Hungarians—The oppression of Croatia—The liberation of Serbia—Bosnia and Herzgovina—Antagonisms and aspirations—The Congress of Abbazia.

THE Romans were in occupation of Pannonia in the year 35 B.C. When the Eastern Empire was founded in 315 it remained an appanage of the Western Empire.

We first hear of the Croats, or *Chrobati*, *Chrovati*, and *Khwraty*, as the contemporary chroniclers call them, in the first half of the seventh century after the invasions of the Goths and Avars in the fifth and sixth. They formed the left wing of the Great Slav invasion which extended from Bulgaria to the Adriatic. They occupied the regions between the Drave and the Save, now known as Croatia-Slavonia, Dalmatia and North-West Bosnia. They came under Latin influence, and when they entered the Frankish Empire in 806 they accepted the Church of Rome and the Latin alphabet.

The Serbs crossed the Danube perhaps just before the occupation of Pannonia by the Croats. They were only a collection of clans, more or less related, but without political unity. Each of these clans, called "zhupaniyas," attempted to subdue the others. Drawn this way and that by the Eastern Empire and Church and the Church of Rome, and living in fear of the Bulgarians, who had formed a powerful kingdom on their eastern and south-eastern frontiers since the close of the seventeenth century, their political life had been strenuous and eventful.

Towards the end of the ninth century they recognized the suzerainty of the Eastern Empire, and adopted the Greek Church and the Cyrillic alphabet. At the close of the twelfth century Serbia

renounced all allegiance to the Eastern Empire and established a national church with a Slavonian liturgy and sacred books in the Slavonian tongue.

The differences which have separated the Croats and Serbs in the past, and even keep them apart to-day, must be traced to the rivalry of these two competing influences. The somatic characteristics of the two groups are identical; both Croats and Serbs are tall, dark and brachycephalic.

The Croats, like the Serbs, had to defend their independence both against the Bulgarians and the Hungarians. In 1102 they offered their kingdom to Koloman II.

The character of Koloman's sovereignty has always been a theme of lively debate between the Magyar and Croat historical schools. Magyar writers like Pesty allege that Croatia surrendered her independence to the Magyars out of fear, and thenceforth submitted to Hungarian domination. The Croats assert that Koloman was King only by personal right, and that they kept their capital Agram, their army, coinage and fiscal system and the right of controlling the administration and nominating the bishops. Even at the present day they appeal to the maxim, *Regnum regno non præscribit leges*, and cite in proof the undeniable fact that they have never ceased to resist the encroachments of the Magyars.

Stephen Dushan, King of Serbia, was proclaimed Emperor of the Serbs and Greeks at Uskub in 1346, and in 1349 published the "Laws of the Tsar Dushan," which show the high degree of development to which Serbian civilization had attained. He died in 1355 at the moment when, marching on Constantinople, he was hoping to establish a powerful State to stay the advance of the Turks. The Turks, after a victory on the Tenarus in 1371, won a crushing victory at Kossovo in 1389 which delivered Serbia and Bulgaria into their hands. Yet though Serbia became a vassal state of Turkey, she retained her own government until 1459, when she became a mere pashalik, governed directly by the Porte. This state of affairs continued for three hundred and forty-five years to 1804.

It is difficult for a Western nation to imagine the lamentable condition of peoples suffering from the effects of centuries of Turkish misrule. All the more remarkable is the pertinacity with which they have preserved their personality and inherited characteristics and their refusal to regard their servitude as perpetual.

The Hungarians, even when fighting the Turks, never relaxed

their hold on Croatia. In 1490 Matthias Corvinus had to abandon Slavonia to them, but his successor, Ladislaus of Poland, styled himself King of Dalmatia, Croatia and Slavonia.

After the battle of Mohacs in 1526 the Turks extended their sway, not only over Hungary, but over Croatia, and by 1606 only Western Croatia with the towns of Agram, Karlstadt, Warasdin and Zengy retained their independence. The Turks, however, made no attempt to colonize Slavonia and Croatia and left no permanent mark on these provinces as they did on Bosnia. The variation in treatment explains the differences between the Bosniacs and the Serbo-Croats of to-day.

By the Peace of Carlowitz in 1699 and the Treaty of Passarowitz in 1718 the Turks ceded Slavonia and all Hungary in their occupation to Austria.

The name "Croatia" was applied officially to the Slavonic provinces of Visovitza, Pozega and Syrmia. From 1767 to 1777 these provinces, to which Dalmatia was added, received the name of Illyria, and were governed from Vienna, but afterwards they were divided. The port of Fiume was taken from Croatia and given to Hungary. In 1809, after Wagram, Napoleon formed a new amalgamation of Croatia, Dalmatia, Istria, Carinthia, Carniola, Görz and Gradisca, which he called the Illyrian Provinces. They remained until 1813 under French administration, from which they derived substantial benefit, but they never reconciled themselves to the *quid pro quo* in the shape of conscription. In 1814 Dalmatia was incorporated in Austria, while Istria, Carinthia, Carniola, Görz and Gradisca became the Kingdom of Illyria, which lasted until 1849; but Croatia and Slavonia were declared appanages of the crown of Hungary.

The Hungarians assert that they were considered as *partes adnexæ*, or subject provinces, but the Croats and Slavonians maintain that their true position was that of *regna socia*, or allied states. The Croats were allowed to retain their language as an official language, and an elective Diet. A *Ban* or Viceroy governed them in the name of Hungary.

Throughout this period there were efforts among the Croats, as among the Czechs, to revive national feeling. The leaders of this movement were a writer, Ljudevit Gaj, and, later, Bishop Strossmayer and Baron Joseph Jellachich, who became *Ban* in 1848, when the Illyrists assumed power. They made war on the Hungarians and

were defeated but Jellachich immediately took action against them in the name of the Government of Vienna. The Constitution of 1849 separated Croatia-Slavonia from Hungary and it became a province of the Austrian crown. Fiume was added to it. The period of reaction, during which there was neither *ban* nor diet, lasted from 1850 to 1860. Immediately after the war with Italy the Government of Vienna conceded the "October Diploma," which was followed by the constitution of February, 1861; but the elected diet was dissolved as soon as it demanded the formation of a great Southern-Slav confederation under the Imperial Government.

After Sadowa, in the heyday of Dualism, Croatia-Slavonia became part of the Hungarian crown lands. By the "Nagoda" of 1868 it was placed under the Government at Budapest. The Viceroy, or *Ban*, is appointed nominally by His Imperial and Royal Majesty, but in reality by the Prime Minister of Hungary. The provincial government is in the hands of three ministers who are responsible to the *Ban*, who is himself responsible only to the Hungarian Ministry and the National Assembly (*Narodna Skupshtina*), which has no control. This assembly consists of members elected by electors who vote orally before officials in the pay of the *Ban*, and privileged members drawn from the nobility, the upper clergy and the civil service. All legislative acts must be signed by a minister without portfolio who is a member of the Hungarian cabinet. The Assembly sends forty members to the Hungarian Chamber of Deputies, but they can only take part in questions immediately concerning Croatia-Slavonia. The situation of Fiume makes it the port of Croatia and it performed that function from 1848 to 1870, when it was handed over to Austria along with its *enclave* of some eight square miles. It is now administered by the Government at Budapest.

Croatia has always objected to this dispensation. In 1875 and 1876, when the train fired by Bosnia led to the Turkish war which ended in the Berlin Treaty of 1878, a party calling itself the "Party of the Right" began an agitation for a "Greater Croatia." It was rewarded with repressive measures and the imprisonment of its leader. Since that time Croatia has suffered all the evils of despotism. In 1888 Bishop Strossmayer was compelled to resign for having sent a telegram to the Russian Church.

The Croats have accordingly agitated for union with Bosnia and Herzgovina. In 1908 Baron Rauch, Ban of Croatia, refused to summon the Diet.

The abominable treatment of the Croats has been related elsewhere.*

It has been shown that Serbia was a Turkish province from 1459 to 1804. From 1804 to the autumn of 1813 it enjoyed self-government as an independent State. By the Treaty of 1812 with Turkey Russia did not secure sufficient protection for the Serbs, and in 1817 the Serbs broke into revolt and, after a conflict, regained their autonomy under the suzerainty of the Sultan. In 1829 Russia guaranteed that autonomy in the Treaty of Adrianople, but Belgrade and other Serbian towns retained their Turkish garrisons until 1867.

In 1875, when Bosnia tried to shake off the Turkish yoke, the Serbs declared war on Turkey; but though they were defeated, their action brought Russia into the war which ended in the Treaties of San Stefano and Berlin. The Treaty of Berlin recognized the complete independence of Serbia, but placed Bosnia and Herzgovina under Austrian administration.

The Austrian minister Andrassy, a Hungarian by birth, who had concluded the alliance between Austria-Hungary and the German Empire, resigned rather than accept the gift.

Thus there are Serbo-Croats on one side of the frontier, Serbians on the other, and Bosniacs and Herzgovinians in immediate contact with both, the bond of sympathy between them being hatred of Austria. On May 13th, 1848, when the Serbians formed themselves into an independent nation, they demanded union with Croatia.

It is often said that the two aspirations—a Greater Serbia and a Greater Croatia, with Bosnia, Herzgovina and Dalmatia as buffers between them—are incompatible. The question is whether these two Slav groups are capable of subduing their national pride and reconciling their religious and linguistic differences? Can they profess and practise equality between all the groups, which include the Slavs of the south as well as those of Northern Istria and the districts of Udine and Carniola, Slovenes, Serbo-Croats, Serbs and Dalmatians?

If prolonged national misfortunes can teach men anything, the answer is in the affirmative, and, indeed, in this case that answer seems to have been already given.

Yet the Serbian clergy showed hostility to the Illyrian movement because they wished to preserve Slavonic as the language of the liturgy. They affected to detect papal encroachments in the adoption

* *Supra*, Part I., Chapters IV. and V.

of a common tongue. The difference of creed unquestionably keeps the clergy of the two nations apart, though the Concordat of 1914 between Serbia and the Holy See is a measure of conciliation.

It will be remembered that in 1902 Serb agitation led to disastrous riots at Agram. However, towards the end of March, 1913, the Southern Slavs held a congress at Abbazia, in which a memorandum was read which had been placed before the Archduke Francis Ferdinand, the imperial heir, by a group of members of the Croat Parliament. They asked that the Dual System of 1867 should be replaced by a confederation of which Serbo-Croatia should form part. "All our youth," ran the memorandum, "longs for a union with Serbia, and feels itself drawn to the south by the recent successes of the Balkan League. The Governments of Austria and Hungary, by maintaining Croatia in a condition of subjection, are preparing the way for a great separatist movement, and perhaps for a revolution of the Southern Slavs."

CHAPTER VI

THE DISSOLUTION OF THE AUSTRO-HUNGARIAN MONARCHY

Joseph II.'s germanizing zeal—The policy of Metternich and Francis II.—*Divide ut imperes*—Constitutional and centralist policy—The Diet of Kromeriz—Bach—The Germans of Austria are one with the Germans of Germany—The three bonds of the Austro-Hungarian Monarchy—The Emperor—His titles—The army—The bureaucracy—The selection of officers—The dissolution of the Austro-Hungarian Monarchy—Both Germans and Hungarians have striven for its dismemberment—Magyar centralism.

HISTORY records the failure of all attempts by the Dukes and Emperors of Austria, the Kings of Bohemia and Hungary and others, to germanize the different ethnical groups over whom they held sway. Joseph II.'s systematic efforts towards the unification of language and institutions met with passionate resentment and open hostility. Yet his motive was unquestionably to advance the welfare of the various peoples of his dominions. In 1790 he relieved his successors of the burden of carrying out his reforms by revoking them on his deathbed.

Francis II. issued a penal code in 1803 and a civil code in 1811. Hungary and Transylvania refused to accept the civil code. Although obsessed by the ideas of the eighteenth century, he maintained a special code of laws for the Church, the Jews, and the landowning interest. Without reviving serfdom he vexed the peasantry with all manner of feudal exactions.

After 1815 Metternich abandoned the work of unification and took for his motto the maxim "*Divide ut imperes*." Francis II. defined his policy in the following terms to the French Ambassador:

"My peoples are foreigners to each other. All the better. They will not all have the same diseases at the same time. I put Hungarians in Italy and Italians in Hungary. They do not understand each other and hate each other. From their antipathies comes order, and peace from their mutual dislike."

We have, however, seen proofs of the resentment of the Magyars,

and when the Revolution of 1848 broke out the whole fabric seemed on the point of collapse.

Intelligent statesmen would have met the wishes of the various nationalities by adopting a federal system, but the Germans had no intention of abandoning their control of the Empire. Schwarzenburg was the apostle of absolutism but Ferdinand was compelled to abdicate in favour of Francis Joseph, the present Emperor, then eighteen years old and declared of age for the occasion. His minister Stadion followed a constitutional and centralist policy: "To unite all the lands and peoples of the Monarchy in one great State with a single Government at Vienna." He was none the less so conscious of the insuperable difficulties of his programme that he did not summon the representatives of Hungary to the Diet of Kromeriz. He then used their absence, for which he was responsible, to declare the Diet invalid and dissolve it. The Emperor looked also to Frankfort and the Germans of Austria hoped to dominate the Germanic Confederation at the same time as the nations of the Austrian Empire.

Austria was declared an independent, indivisible and indissoluble state. From 1850 to 1860 Bach continued the despotic tradition of Metternich. He maintained a state of siege until 1854 and his name is associated with police government and Clericalism, the two elements most hostile to individual national sentiment. In 1856 a Concordat put public education in the hands of the clergy and the Jesuits. All religions other than Catholicism could only be practised in private. Juries and public trial were suppressed. The publication of newspapers in the Czech tongue was forbidden.

This centralizing German Government was shattered by the disasters of 1859 and 1866. The emancipation of Vienna's subject peoples was brought about by the victories of Austria's enemies and defeat has been the instrument of progress in that Empire. But the Compromise of 1867 satisfied only the Germans of Cisleithania and the Magyars of Transleithania, both of whom threatened the Hungarian monarchy with disruption.

The Germans of Austria have compared Bohemia to Schleswig, and, associating themselves with the Germans of Germany, proclaimed in the Reichsrath that "they had not won at Sedan to become the helots of the Czechs." After the establishment of the Dual System the first Austrian ministry was composed of eight Germans and a Pole.

The peoples of Austria-Hungary are the people of the King-Emperor in an almost feudal sense.

He triumphed over the Hungarians in the affair of the military words of command, when he threatened to abdicate. Not even the most uncompromising of the extremists was ready to assume responsibility for such a catastrophe. The Hapsburgs have always had one fundamental policy: *Voluntas imperatoris suprema lex esto* ("The Emperor's will is the highest law"). The Kaiser parades it before the eyes of the world, but the Emperors of Austria have preferred to put it into practice.

Ministers and other public servants must devote all their patriotic sentiment to the service of

Francis Joseph (Franz-Joseph) I. Charles, Emperor of Austria, Apostolic King of Hungary, King of Bohemia, Dalmatia, Croatia, Slavonia, Galicia, Lodomeria and Illyria, King of Jerusalem, etc., Archduke of Austria, Grand-Duke of Tuscany and Cracow, Duke of Lorraine, Salzburg, Styria, Carinthia, Carniola and Bukovina, Prince of Transylvania, Margrave of Moravia, Duke of Upper and Lower Silesia, Modena, Parma, Piacenza and Guastalla, Auschwitz and Zator, Teschen, Friuli, Ragusa and Zara, Prince Count of Hapsburg and Tyrol, Kyburg, Goritz and Gradisca, Prince of Trent and Brixen, Margrave of Upper and Lower Lusatia and in Istria; Count of Hohenembs, Feldkirch, Brigantia, Sonnenberg, etc., Lord of Trieste, Cattaro and the Wendian March, Grand Voyvode of Serbia, etc., etc., Maj. Imp. and Roy. Apostolic.*

The Emperor has two instruments of government—the army and the bureaucracy. The bureaucracy is the State. The universities train the officials and professors themselves become ministers in the Austrian cabinets, which are not composed of ministers responsible to Parliament. They are heirs to the traditions of Joseph II. As men they are generally very charming and highly expert in departmental business, but they are utterly unscrupulous in their methods of government and have the most profound contempt for individual rights.†

The other instrument of government is the army. A Viennese poet said to General Radetzky in 1848: "Austria is there, in your camp." The army cannot be national because, collectively, it does not represent a nation, but is a hotch-potch of nationalities thrown together and more or less at enmity with each other. The element of unity is supplied by the person of the Emperor, the General Staff and the corps of officers. Many officers, poor but of high birth, look

* *Almanach de Gotha.*

† See the *Journal des Économistes*, 1914, Aug. 14th, p. 177-187 and Sept. 15th, p. 273.

to the military profession as a career for their sons. Between the ages of ten and twelve the sons are admitted without payment to the primary cadet *Realschulen*, and from there go on to the superior cadet *Realschulen*. Between seventeen and twenty they choose their arm and enter one of the two academies, from which they emerge second lieutenants, not after a competitive examination, but after their studies have been completed. Those who distinguish themselves most become officers, while the others become cadets, with rank varying from acting-officer to that of sergeant (*corpoul*). For wealthy families which do not wish to part with their sons at once, there are cadet schools which they enter between the ages of fourteen and seventeen. The cadets are never allowed to mix with the men. The higher ranks have been increased to facilitate promotion and encourage the officers. There are few Magyar officers in the active army but many Slav officers.

The Sovereign's bodyguard is of five different kinds. The rank and file of Arcierengarden and the Hungarian Guard is composed of senior and junior regimental officers, while the duties of non-commissioned officers are performed by generals and colonels.*

The Archdukes have special titles and honours.

Each soldier takes an oath of personal allegiance to the Emperor. Each man must have a religion, and a religious service is held at midday every day, when the posts turn out of the guardhouse and line up for devotions.

Great efforts have been made to foster the *esprit de corps* of the different regiments by the grant of distinguishing marks and special uniforms, but there are few regiments composed solely of men of the same nationality. Some consist of a medley of Germans, Roumanians, Croats and Magyars. German is the only army language, but the officer must explain the ordinary German military terms to the men in their own tongue. The explosion in Hungary over the question of commands in German is of recent memory.

The regiments are broken up to form the various garrisons, a step dictated by political considerations but detrimental to military efficiency. The men are sent out of their own country and changed frequently from one depot to another. At the time of the fall of the Badeni ministry a Bosniac regiment was employed to repress the German agitation at Gratz. Every German in the Monarchy imme-

* *Armée, Race et Dynastie en Autriche-Hongrie*, by E. Terquem (Cerf, 1903).

diately denounced the intervention of the " barbarian Slavs." It was intended to renew the military band concerts, but the populace threw dirt at the bandsmen.

In Bohemia the Germans caused such a disturbance at a Czech fête that the military had to be called out. When the German dragoons appeared on the scene they were greeted by the " Wacht am Rhein " from the German ringleaders and a shower of stones from the Czechs.

It is not merely in war time that the regulation is enforced which provides that if " a soldier, at a critical moment, suggests disobedience to orders, he may be killed by any superior who happens to be near."

Every general is accompanied by a *socius*, an officer, usually of equal rank, with the title of Assistant Corps Commander, whose duty is to keep him under observation. The same procedure is observed in the case of the divisional commanders of the " Honved," the Transleithanian landwehr. In 1866 the regiments recruited from the Venetian district refused to march against the Italians. From various sources information has been received that the Slav and Czech troops have displayed their hostility to the present war, though it is impossible to establish the truth of this until confirmation is forthcoming. It is inherently probable, because they are keenly alive to the interests of their own nations. The dissolution of the Austro-Hungarian army would mean the dissolution of the Austro-Hungarian Monarchy.

The object of Francis Joseph's policy, like that of his predecessors, has been to maintain the dynasty. Yet what does that dynasty stand for ? It was as the Kaiser's tool that Francis Joseph brought about the catastrophe of 1914.

What guarantee can his successors give to the other nations of Europe ? To preserve the Austro-Hungarian Monarchy would be to resume a task as futile and dangerous as that of maintaining the integrity of the Ottoman Empire. Besides, the dismemberment of the Austro-Hungarian Monarchy will not be the work of the Allies. The process began with the triumph of Dualism in 1867. Since 1870 the Germans of Austria have been feeling the irresistible attraction of the German Empire and the Magyars have thrown them into the arms of Germany. Count Beust resigned himself to the " compulsory visit " which Francis Joseph paid to Berlin, but Bismarck distrusted him with good reason. His successor, Andrassy, on the other hand, suggested to the German Emperor on November 14th, 1871, the alliance which was not concluded until 1879, because of Russia. The Dual

System was transformed into Magyar domination over the whole Austro-Hungarian Monarchy. In 1914 this policy was continued. Count Berchtold was a Hungarian, but it was Count Tisza who conducted the campaign of the Ballplatz from Budapest. After the departure of Count Berchtold, over whom his control was not complete, he remained at Budapest but sent Baron Burian, a man after his own heart, to Vienna to occupy the post of Joint Minister for Foreign Affairs. He himself went to confer with the Kaiser, thus exposing the utter subordination of Vienna to Budapest.

The Dual System of 1867 has become Magyar centralism and Magyar foreign policy dates from the victory of Prussia over Austria.

PART V

THE CONSEQUENCES

CHAPTER I

THE END IN VIEW*

International law—An aspiration rather than a reality—Treaties resulting from wars are instruments of extortion—Neither victors nor vanquished regard them as final—The sovereignty of the State—The absence of morality in international dealings—"Might is Right"—The law of the strongest—Historical law—The great treaties—The coming treaty will be the resultant of force—Use and misuse of force—The coming treaty and acceptance of the inevitable.

THE object of the preceding chapters has been to isolate the issues raised by the present war from its remote or immediate causes. To realize them it is essential to regard them from the objective point of view alone and resolutely to avoid the nebulous phrases which have covered those political aberrations of the past which are responsible for the crisis of the present.

We have heard much of international law since the war began, but Mr. A. V. Dicey pokes fun at his "friend the Chichele Professor of

* *Les Grands Traités Politiques*, by P. Albin. A collection of the principal diplomatic text from 1815 to the present day, with a commentary and notes. Preface by M. Herbette; 2nd edition, revised and brought up to date; 1912.—*Le "Coup" d'Agadir. La Querelle Franco-Allemande*, by the same; 1912.—*L'Allemagne et la France en Europe;* 1885–1894. *La Paix Armée*, by the same; 1913.—*Bismarck et son Temps*, by P. Matter.—*Bismarck* (1815–1898), by H. Welschinger, of the Institut; 2nd edition.—*L'Esprit Public en Allemagne vingt ans après Bismarck*, by H. Moyssel (Crowned by the Académie Française).—*La Crise Politique de l'Allemagne Contemporaine*, by William Martin.—*Cent Projets de Partage de la Turquie*, from the thirteenth century to the Treaty of Bucarest (1911), by J. J. Djuvara, Roumanian minister in Belgium. With a preface by M. Louis Rénault and eighteen maps.—*La Vie Politique dans les Deux Mondes*, published under the direction of MM. A. Viallate and Caudel, professors at the *École des Sciences Politiques*, with the collaboration of MM. D. Bellet, J. Blosciszewski, P. Chasles, M. Courant, M. Escoffier, G. Gidel, Paul Henry, Réné Henry, G. Isambert, J. Ladreit de Lacharrière, G. Lagny, A. de Lavergne, A. Marvaud, P. Matter, Ch. Mourey, R. Pinon, P. Quentin-Bauchart, H. Sage, A. R. Savary, A. Tardieu, R. Waultrin, professors and former pupils of the *École des Sciences Politiques*; seven volumes (1906–1907)—all these works published by F. Alcan.

International Law, . . . he being a teacher of law which is not law, and being accustomed to expound those rules of public ethics which are miscalled international law. . . ."* "International law" is an aspiration rather than a reality.

The Hague Conventions are an attempt to establish rules of international law, but one of the signatories to those conventions has violated them with impunity. Once again events have shown that international law, as at present constituted, lacks the assistance of an independent and disinterested judicial power to ensure its enforcement. It has no sanction.

The relations of States with each other are always anarchical. True, some States make treaties with others; but, as a rule, these treaties are the result of armed conflict, and therefore only the acceptance by the vanquished of the terms imposed upon them by the victors. Such treaties correspond to the agreements obtained by duress which are void in law.

As soon as the treaty is concluded the victor uses it as the basis of his claims, the vanquished to preserve what has been left to him—for example, his frontiers; but the victor none the less lives in fear that the vanquished is only awaiting a favourable opportunity to tear it up, while the vanquished only accepts it with the ulterior intention of seizing the first opportunity of destroying the document which testifies to his defeat. The victor's distrust often leads him to tear up the treaty himself, with a view to crushing his foe more completely. Such has ever been the attitude of Berlin towards the Treaty of Frankfort; and if Germany waited until 1914 for the new war, which would enable her to wipe it out, it is only because she did not consider herself ready or because she feared intervention by other States.

The Kaiser appeals to Right Divine, by virtue of which he is King of Prussia, and therefore Emperor of Germany. Since he incarnates the God from Whose hands the crown was received at Königsberg, everything is permitted to him. For one with a divine mission, the end justifies the means.

Many politicians, who care no more for the divine mission of the Kaiser than for the "divine right" of Louis XIV., are nevertheless obsessed by the theory of the sovereignty of the State as an axiomatic dogma. They count up the votes on a parliamentary division, and even though those votes only reflect the opinions of a minority

* *The Law of the Constitution.*

in the country, if they are a majority in the parliamentary sense they attribute to the decision resulting from the processes of addition and subtraction an unlimited authority to override all private and moral objections, an authority incapable of alienation. Those in favour of income-tax have been heard to state that it would be a derogation from the State's sovereignty to forego taxation of its loans. Yet when one State makes a treaty with another it sacrifices a part of its sovereignty. When it makes a contract with its officials, it parts with some of its sovereignty in their favour. When it makes a contract for the purchase of material, or invites tenders for public works, it becomes an ordinary contracting party in the eye of the law. When it borrows money it acknowledges the principle that one cannot both give and keep ; it could only violate that principle by force.

I shall not enlarge here on the definition of sovereignty, a word the subject of keen controversy, but I hold emphatically that if a State makes an agreement, whether with other States or with individuals, it must act honourably.

Nevertheless, the majority of politicians in all countries think lightly of that moral precept as applied to inter-State dealings, no less than to the dealings of States with individuals. When they sign a treaty, they do so with the ulterior design of tearing it up at the moment dictated by their passions, convenience or supposed interests.

The German Mommsen said :

" Every nation rightly makes it a matter of *amour propre* to undo disastrous treaties it has been compelled to sign."*

On January 27th, 1853, Bismarck is reported as having said in the Prussian Landtag, " Force overrides the law." The remark was made, not apropos of any question of foreign policy, but as a comment on his manœuvre of governing without any financial provision being made. At the end of the sitting he denied having used the words attributed to him by the deputy for Schwerin who gave the following explanation in his reply : " I did not say that the President Minister used the words ' Force overrides the law,' but his speech led up to that conclusion. He seems to have meant : ' Force must decide when the law is helpless.' "†

* *History of Rome.*

† See *Le Figaro* of April 10th, 1915 : The discussion of l'Abbé Formé and Polybe (Joseph Reinach).

What does it matter whether Bismarck used these exact words or not. The man who made no secret of his programme of imposing Prussian domination on Germany *ferro et igne*, need make no secret of his conviction that Force was the source of Law. This view was by no means peculiar to him, but is that held by all who appeal to conspiracy or insurrections for the settlement of domestic problems, and war as a solution of external difficulties. But it may be admitted that the use of force to destroy an existing law and replace it by another has often been a factor of progress and a means of bringing liberty to individuals and States.*

All so-called international historical law is based on treaties associated with marriages, grants, inheritance and family arrangements, some approved by both parties, others forced by one on the other. In many cases their terms are enshrined only in forged documents. The validity of such historical claims cannot be admitted by those who refuse to confuse sovereignty with ownership, and to believe that nations are like flocks—the private property of certain families. When Talleyrand, at the Congress of Vienna, opposed the principle of "legitimacy" to the ambitions of Prussia, he was advocating the theory of royal ownership.

But although sovereigns invoke traditional claims in favour of their own rights, they do not hesitate to tear them up if they clash with the claims of others.

Traditional claims are the sole basis of the Austrian Empire, but the Government of Vienna have never relinquished their efforts to undermine the traditional claims of the nations which form the Austro-Hungarian Monarchy. The King of Prussia invokes traditional claims based on "divine right," a divine right bought in 1701 from the Emperor Leopold who made East Prussia a kingdom. But the Kings of Prussia have extended and consolidated their power solely by overriding the traditional claims of other potentates.

In addition to dynastic sources historical international law appeals to treaties for its sanction. Yet how many treaties are there which have not been the outcome of wars? The great treaties on which the so-called "public law" of Europe is based—the Treaty of Westphalia (1648), the Treaty of Utrecht (1713), the treaties in 1815, the Treaty of Paris in 1856, the Treaty of Prague in 1866, the Treaty of Frankfort in 1871, the Treaty of Berlin in 1878, and, finally, the Treaty of Bucharest in 1913—none of these was the outcome of

* See *Manuel de Diplomatique*, by Giry.

peaceful agreement. They were the consequences of wars and instruments of peace which were themselves the cause of fresh wars.

The treaty to come will be the result of a war. If the Allies were defeated, their downfall would mean an unlimited licence to the Governments of the Kaiser and the Emperor-King of Austria-Hungary to oppress the peoples which wish to escape or which have hitherto escaped their domination.

The Allies will triumph. Our peace will be the result of victory. It will therefore be the result of force. This is the problem that faces us :

This work of force must not be an abuse of force. Imposed on Governments which are based on traditional authority or force, its object must be the liberation of the national groups which have been their victims and a final restoration of the world's peace. We must have clear ideas of the difficulties inherent in any attempt to carry out this apparently inconsistent programme. The inconsistencies should be reduced to a minimum and their existence must not make us recoil from our task.

We have to impose a peace on States which believe that their power entitles them to oppress other States, a peace which they will not be able to violate, and yet one which would not subject them to the tyranny they meant for others. The peace must leave these States so situated that their future policy shall be dominated by no desire for revenge, and their statesmen will be led to resign themselves to the *fait accompli*.

CHAPTER II

WHAT IS MEANT BY NATIONALITY IN POLITICS

Political anthropology—The Teutonic race—Its rights are the invention of the Historical School—The principle of nationality is not a principle of law—Is it a traditionalist principle ?—The Turks, Germans and Hungarians are incapable of assimilating the groups they govern—Their power of resistance constitutes their nationality—The incompetence of their rulers is their right to separation—The end of the Hapsburgs, Hohenzollerns and the Ottoman Empire.

THE question of nationality has already been discussed. The Germans have attempted to justify their conquests of 1870 by arguments drawn from political anthropology. They tell us that they annexed Alsace because its population was German. They could not say the same of Lorraine, but that consideration hampered them no more than it had done in the partitions of Poland.

The Prussians are an offshoot of the Wends, who are Slavs, and Wends are still to be found, with their own speech, customs and manners, within forty miles of Berlin.*

Mr. William Z. Ripley, of Harvard University,† in his book, "The Races of Europe: a Sociological Study," has something to say of the Teutonic type. In reality, its somatic characteristics vary widely among the peoples who claim membership of the same race. The area of Germany inhabited by tall dolichocephalæ with blue eyes and fair hair is very small, comprising only Hanover, Mecklemburg and a part of Brandenburg and Pomerania.‡

The rights of the Teutonic race have been invented by the German Historical School, which has sought their origin in a past so dim and distant that any theory can be successfully maintained.§

In Europe, races are differentiated by language, tradition and historical associations. All three must be considered, for language

* William Martin: *La Crise Politique de l'Allemagne*, p. 153.

† Kegan Paul, Trench, Trübner & Co., Limited, 1900.

‡ W. Ripley: *Plan*, p. 222.

§ V. E. Bourgeois: *Manuel Historique de Politique Étrangère*, Vol. II., Chap. VI., "Les Doctrines de Races en Europe."

and traditions have formed groups. The principle of nationality, dear to Napoleon III., who played so disastrous a part in European history during the second half of the nineteenth century, is not a principle of law at all, but a traditionalist principle in antagonism with the general theory of law enunciated by the French eighteenth-century philosophers.

When the moment arrives for settling the future of Germany and Austria-Hungary the Allies must start from the following basis.

From the battle of Kossovo (1389) to 1878 the Serbs were under Turkish rule, but all that Turkish misrule could do was insufficient to destroy their nationality and the hope of regaining their independence. The Germans and Hungarians have shown the same inability as the Turks to assimilate the groups they govern. The common features of all these groups have been their speech, legends, history, aspirations and hatred of the States whose domination they endured. Those features made them nations, and give each of them a right to independence to-day. Some writers suggest that economic interests have been the predominant factors among these groups, but they are wrong. The common interests which unite their members and differentiate them are religious, traditional, intellectual, philological—in a word, psychological. Their rulers, instead of assimilating them, have never ceased to abuse and oppress them. Prussia is detested by the Poles of the Duchy of Posen, and after more than forty years Germany finds Alsace-Lorraine as obdurate as on the first day.

The inability of the Germans of Germany and Austria and the Hungarians to assimilate the groups over which they tyrannize gives those groups the right to independence. Those two great Empires, each of them a standing despotism and menace, must be broken up for the same reasons which apply to Turkey.

The Austro-Hungarian Monarchy must be divided between a number of small nations of eight to twelve millions, such as Bohemia with Moravia and the Slovaks, Greater Serbia with Croatia and Slavonia, and Greater Roumania. The part of the Cisleithan provinces in which Germans predominate can form a nation of ten millions. Vienna will be no longer an imperial city, but it may keep its geographical situation and its monuments. Its only loss will be His Majesty the Emperor of Austria and King of Hungary.

The dynasties of Hapsburg and Hohenzollern, for so long bitter enemies and become friends for evil purposes alone, must disappear together.

CHAPTER III

THE PARTIES TO THE TREATY

The Compact of September 6th, 1914—Neutrals will have no *locus standi*—Only the belligerents can be parties to the treaty—The precedents of 1814 and 1815—The Hohenzollerns and the Imperial Chancellor are disqualified—The plenipotentiaries to the Bundesrat—The Reichstag possessed the treaty-making power in the Germanic Confederation.

THE compact signed at London on September 6th, 1914, is fresh in the public memory:

"The British, French and Russian Governments mutually engage not to conclude peace separately during the present war."

I have no need to enlarge on the significance of that engagement, nor to insist that it will be kept.

Several well-intentioned people, like my friend Mark H. Judge, have offered the suggestion that neutrals should be invited to co-operate in drawing up the treaty. Now of the forty neutrals which signed the Hague Convention, some have shown that they had not the will, others that they had neither the will nor the ability, to make that Convention respected. They have thus no claim to intervene.

I know the maxim: "One cannot be both judge and suitor," and its corollary is that the belligerents must not settle the questions at issue by and for themselves. Yet the constant appeal to force as the final solution of disputes has proved the difficulty hitherto experienced of composing international differences by peaceful means.

The belligerents know what the war has cost them. The vital necessity for the Allies is to ensure that its repetition may be made impossible. Besides, if one of the belligerents refused to accept the decision of the neutrals, what sanction would it have? How far could it be effective?

The issues will be settled by the Allies on one side, Great Britain, Russia, France, Italy, Belgium, Serbia and Japan; on the other, Germany and Austria-Hungary.

Turkey, having become a mere vassal State, has lost the right she gained in 1856 of being represented at a congress.

In 1814, when the Allies entered Paris, Napoleon abdicated at Fontainebleau. They did not treat with him. After his return from Elba they announced that they would entertain no thought of peace until he was delivered up to them. That course of action is a precedent entitling the Allies to refuse to treat with any member of the House of Hohenzollern.

When the Kaiser and his Chancellor, Herr von Bethmann-Hollweg, in the name of the Empire, spoke of the treaty guaranteeing the independence of Belgium as a "scrap of paper," and when they proceeded to disregard the Hague Conventions relating to the conduct of war, they disqualified themselves. What faith could anyone put in any declarations made in a treaty by those who had proclaimed that, although an undertaking was binding on neutrals, they did not regard it as binding on themselves?

The German Empire is a confederation of States, but the Emperor makes treaties without consulting the Bundesrat. As M. Labaud says: "As the sittings of the Bundesrat are not public, a foreign Power cannot tell if that body has given its assent to a treaty." In the old Germanic Empire, on the other hand, the treaty-making power resided in the Reichstag, not in the Empire.

The Allies must restore the earlier system. By refusing to treat with the Emperor of Germany they will refuse to treat with the King of Prussia. They will treat with the representatives of the States as accredited to the Bundesrat, with the exception of Prussia and Alsace-Lorraine.

CHAPTER IV

THE LIMITATION OF ARMAMENTS

The effect, not the cause—Results in 1806, 1856 and 1870—Foreign interference in contrast to political independence.

THERE are some who talk of the limitation of armaments and the demolition of fortresses, but they are only suffering from the illusion which confounds cause with effect. History is full of examples of the futility of such measures.

After Jena Napoleon limited the size of the Prussian army to forty thousand men. Scharnhorst met that situation by his system of the "Landwehr." The army was kept nominally at that figure, but all able-bodied men were passed through it, received military training, and were ready in 1813 to take part in the King of Prussia's revenge. Again, Article 13 of the Treaty of Paris in 1856 prohibited any Power from constructing or maintaining arsenals on the Black Sea. To this was added a clause forbidding the high contracting parties—in reality, Russia—from keeping in the same waters more than six steamships of eight hundred tons at the most, and four smaller ships of two hundred tons each. In 1870 Prussia's consent to the abrogation of those clauses was one of the reasons for Russia's benevolent neutrality during the Franco-German War. Russia took advantage of that war to have them repealed by the treaty of March 31st, 1871. It will thus be seen what disastrous consequences a measure of that kind may entail.

When peace comes the conquerors must set up no claim to police the territories of the conquered. Police and gaoler work of that kind is exhausting for those who perform it and leaves behind it feelings of hatred and vengeance which can only lead to future disasters.

The most stringent rules for the limitation of armaments can be rendered useless by an invention. At one time it is smokeless powder revolutionizing explosives, at another the 75mm. field-gun. It

is usual to reckon naval strength in " Dreadnoughts," yet submarines and mines have altered the character of naval warfare. Aviation has made cavalry reconnaissance a thing of the past.

Those who look to disarmament to give war its death-blow are confounding cause with effect. Our first duty is to remove the causes of war.

CHAPTER V

THE GOAL IS THE REMOVAL OF THE CAUSES OF WAR

A political task—How to remove the causes of war—We must be satisfied with that aim—The maintenance of peace—It is impossible with the present constitution of the German Empire and the Austro-Hungarian Monarchy—Prussia to be dismembered at the start of negotiations.

PEACE in the future will be impossible unless the causes of war are removed. The task before the Allies is thus a political one and it must be rigidly confined to the one end in view.

On January 25th, 1814, at Langres, the Czar of Russia, the Emperor of Austria, the King of Prussia and the representatives of England drew up "a resolution concerning the form of government to be given to France."*

The Allies of to-day ought not to interfere with the form of government in Germany and Austria-Hungary. Yet the future peace of Europe is plainly incompatible with the existence of the German Empire and the Austro-Hungarian Monarchy as at present constituted. We must be careful that the changes in the structure of these two Powers shall not be inspired by any desire of the Allied Governments to meddle in their domestic affairs. The sole ambition of the Allies must be to prevent their enemies from threatening the world with another war in a few years' time.

Before 1866 many Germans like Bluntschli dreamed of a Germany united by some great Liberal movement. Count Beust, when Minister of Saxony, and Bray, the Minister of Bavaria, had schemes of other kinds; but it was Bismarck who made good the hegemony of the Hohenzollerns. The system he inaugurated has not been proof against adversity. The Crown Prince is certainly not the man to undo the disastrous work of his father, whom he is popularly supposed to have egged on.

The State which began in 1866 and ends in 1916 must give place

* Metternich: *Mémoires*, Vol. I., p. 182.

to another. As soon as negotiations begin, Prussia must be reduced to the old frontiers she had before the partitions of Poland in 1772, 1793 and 1795. The Duchy of Posen, at least a part of Silesia, all Prussia between (and including) Danzig and the mouths of the Vistula and East Prussia must be restored to Poland. The Rhine Province and Westphalia must be declared autonomous. Saxony must recover what she lost in 1815. Frankfort must return to the status of a free city. The annexation of Hanover, Brunswick, Hesse and Nassau must be declared null and void, for from the point of view of positive law, the Prussian Diet was not competent to sanction it.*

* See William Martin : *La Crise Politique de l'Allemagne Contemporaine.*

CHAPTER VI

THE DISSOLUTION OF THE GERMAN EMPIRE

The two autocracies: the German Empire and the Austro-Hungarian Monarchy—The remodelling of Germany—Commercial unity: the Zollverein is permanent—Political unity: the Empire must be dissolved—The annexations of 1866—Not by agreement—Those annexed accepted the inevitable—King George V. of Hanover—The Emperor's powers—The powers of the individual States—We must respect the independence of the individual States while destroying the diplomatic and military autocracy of the King of Prussia.

THE autocracy of the Emperor of Germany and the autocracy of His Majesty the Emperor of Austria and King of Hungary are responsible for Europe's condition of nerves since 1871 and the present war. The security of Europe can only be gained through the disappearance of those two autocracies.

Germany has been remodelled six times since the opening of the nineteenth century: first by the Treaty of Lunéville in 1802; then by the Peace of Pressburg in 1805; next by the constitution of the Confederation of the Rhine; then in 1815 by the constitution of the German Confederation; then in 1866 by the constitution of the Confederation of the North; finally in 1871 by the foundation of the German Empire.

The policy of both Austria and Prussia, pursued in devious ways but clear enough in its main outlines, was to exclude each other from the Confederation of Germany, an unwieldy organization which was incapable of action. The petty States of Germany, each with its tariff, coinage and separate diplomacy, formed an unexampled political medley.

Prussia first gained commercial unity through the Zollverein, and that commercial unity may be regarded as indestructible. She went on to secure political unity by a policy of "blood and iron." That political unity must be destroyed.

In 1866 the Prussian Diet decreed the annexation of Hanover,

Nassau and Frankfort. It was not by agreement, and those annexed had no voice in the decision which settled their fate.*

In 1866 the dispossessed princes bowed to the logic of facts, and the King of Hanover, George V., alone remained at war with Prussia. His grandson, however, now the Kaiser's son-in-law, has been invested with the Duchy of Brunswick, and as an officer in the German army has taken the oath of allegiance which impliedly records his renunciation of Hanover.

The ancient free city of Frankfort, so ill-used in 1866, is now quite resigned to the Prussian yoke.

In 1871 the Confederation of the North of 1866 was extended to form the German Empire. The Emperor is the President of the Bund and the supreme head of the army. Bismarck thought the King's desire to obtain that supreme command so ambitious that he dared not hope to get it accepted ; but in spite of his misgivings he was successful.

The Bundesrat represents the princes. These princes are officers of the army, and, as such, owe military obedience to the Kaiser. All important questions are decided by the Emperor and Chancellor alone. When the Emperor William made speeches, like the celebrated outburst at Bremen before his departure for Tangier, when he sent the *Panther* to Agadir, when he declared Germany's solidarity with Austria in her action against Russia, the kings and grand-dukes of Germany stood by as idle spectators. Neither the Emperor nor the Chancellor has ever condescended to take their advice. They have not even thought it necessary to inform them of their intentions. These princes learned the Kaiser's decisions through the Wolff Bureau or their newspapers.

The Allies find themselves faced with the problem of a Confederation of States, all of which have, speaking broadly, all the sovereign powers of independent States, but which have parted with control over their military forces and their relations with foreign nations to Prussia. That problem is the task of respecting the autonomy of these individual States, while putting an end to the diplomatic and military autocracy of the King of Prussia.

* William Martin : *La Crise Politique de l'Allemagne Contemporaine*, p. 229 *et seq.*

CHAPTER VII

THE FACTOR OF PARTICULARISM

Opposition to military ambitions—Dissension in the German Empire—The Guelfs—The "Party of the Right"—The illusion of safety and the fetish of prestige—The Prussification of Germany—The psychological effects of defeat—The powers of the States—The Confederation of the South and the Confederation of the Rhine—The chances of permanence—A Saxon's opinion of Prussian influence—The fear of France—The necessity of dispelling it.

WILL the dissolution of the German Empire encounter any violent or permanent opposition? It would be presumptuous to answer in the negative, but we can consider the possibilities.

We imagine that all Germany rose up as one man to destroy France, because we have seen her at war. Nevertheless, it is important to remember that her martial passions have been subject to restraining influences in times past. Between 1862 and 1866 Bismarck governed without Parliament, but the victory of Sadowa came to operate as an Act of Indemnity. The war of 1870 gave Prussia the hegemony of Germany. The military expenditure, far from diminishing, increased, and the Reichstag began to oppose the successive Army Bills. In 1893 an Army Bill was opposed by the Democrats, the Centre, the Liberals, the South German party, the Alsatians, the Danes and the Guelfs, but was supported by the Conservatives, the National Liberals, the Imperialists, the Poles, the Anti-Semites, and the members of the Free Association. The opposition represented 4,233,000 votes in the country, while the Government's supporters only represented 3,225,000, and were therefore in a minority of 1,008,000.

The Reichstag, haunted by the spectres conjured up by the Kaiser and the Chancellor, voted the credits involved in the Army Bill of 1913; but there were many Germans who reflected anxiously over the policy which had brought the German Empire into jeopardy forty years after Sedan.

The Factor of Particularism

The imposing German Empire has hypnotized us into a belief in its solidity, but there are cracks.* More than once the attitude of the Bundesrat has compelled the Chancellor to draw back. Bismarck had to withdraw his scheme for an imperial railway system. In 1877 he wanted to make Berlin the seat of the Supreme Court, but the Bundesrat preferred Leipzig, and at Leipzig it remained.

The Guelfs have always refused to recognize the constitution of the Empire. As supporters of the King of Hanover, they have lost their *raison d'être*. They long ago abandoned hope of a restoration of the Monarchy, but in 1889 they founded the "Party of the Right," which has gained few adherents, although there are many active sympathizers in the other States. In reality, this party is the only "Conservative" party in Germany.†

What will be its policy and influence in the immediate future?

The autocracy of the Kaiser has given the Germans the illusion of omnipotence and the fetish of prestige. Yet the destroyer of the peace of other nations has not been able to give peace to his own. Neither the omnipotence nor the prestige will survive defeat.

Will defeat be followed by the disintegration of the German Empire, or will it cement the union of States which Bismarck established, in blood, indeed, but by victory.

In Germany, King, princes and people alike have been prussianized. All have rejoiced in terrorizing other nations and preaching the gospel of Germany's divine mission. In their new-won satisfaction the vanquished of 1866 have come to regard their defeat as a victory. The King of Bavaria has forgotten that he owes his lameness to a Prussian bullet.

Nevertheless, this great Germany has not brought Germans the security they expected. The Kaiser has thrown all Germany into war without consulting the States which speak through the Bundesrat. His aggressive policy, of which they were accustomed to brag over their beer, has passed from the stage of words to that of acts. The irresistible army, under its masters of strategy, rushed at the pigmy Belgium which resisted, and proved that its deeds were in every respect worthy of its spirit.

The French, so careless and light-headed, so thoroughly beaten in 1870, have refused to be stamped in the dust by the German masses. The Crown Prince, instead of entering Paris, was forced to retreat

* See Part I., Chap. V., "The Kaiser's Government."

† W. Martin: *Op. cit.*, p. 243.

twenty miles in one night and the German hosts, so far from repeating the triumph of Sedan, find themselves helpless in both east and west.

The glory and the peace have departed, while the constitution of Germany crumbles away in the most overwhelming catastrophe that has ever overtaken her. Will the spirit of German particularism raise its head in the hour of defeat? Will the various nations of Germany say: "We are no longer Prussians. We are once more Saxons, Bavarians, Würtembergers, Badeners, Hanoverians and free Frankforters?"

It must be remembered that considerable powers are reserved to the individual States. They all make their own financial provision and administer their own revenue, including their share of imperial revenue from the customs and certain specific taxes. They all have sole authority in questions of public education, the relations of Church and State, mines and forests, hunting and fishing, and police administration.

Bavaria, Würtemberg, the Grand Duchy of Baden, would form a thriving confederation with the Rhine Province and Westphalia. Saxony could be the nucleus of a Central German Confederation formed by restoring the independence of the States annexed by Prussia in 1866.

What chance of permanence would there be for the new order? The answer is furnished by the history of Germany after the Peace of Lunéville, the Peace of Pressburg and the Treaty of Tilsit. The Germans would have readily resigned themselves to their situation if Napoleon had not displayed open scorn of the kings and princes he set up, introduced conscription into the Confederation of the Rhine and carried off the recruits thus raised to die in Russia, and deprived the Germans of sugar and tobacco by his continental blockade. The Rhine Province had already become thoroughly French.

Has Prussia really won the affection of the other peoples of Germany? A foreigner is not able to say, but a Saxon, Herr Paul Rohrbach, in his book of Pan-German propaganda, "Der Deutsche Gedanke," published before the war, has deplored the narrow-mindedness of North Germany, and especially Prussia. Though an unstinted admirer of all that Prussia has done for the unification of Germany, he shows that she has never been able to make "moral conquests," and sees in that failure a vista of peril for Germany.

During the famous ceremony in honour of Germany celebrated on the Wartburg a hundred years ago, the young Saxons brought as

their offering for the altar of the " German Ideal " a corporal's cane, the breastplate of an Uhlan, and a copy of the new Prussian Police Code of Kamptz.

" Prussia," said a German statesman just after the war of 1871, " has always enjoyed the privilege of inspiring the most violent antipathy in all the nations of the Germanic Confederation. She does not seem to have lost it."

Bismarck and the Kaiser's great instrument for holding the German Empire together was the national fear of France. It will be for France to dispel that fear, after the war, by limiting her territorial ambitions to the recovery of Alsace and Lorraine.

CHAPTER VIII

THE DISMEMBERMENT OF AUSTRIA-HUNGARY

The collapse of the Austro-Hungarian Monarchy—The mutual hatreds of its component peoples—An unnatural combination replaced by natural groupings—Vitality of the Czechs—Illyria and Greater Serbia—Italy and the Adriatic—The Trentino—The German provinces—Girault's scheme for the reconstruction of a German Austro-Hungarian Empire—No counterpoise possible—Docility of the Germans of Austria and Germany since 1871.

ACCORDING to the *Almanach de Gotha*, the Austro-Hungarian Empire consists, in accordance with the Fundamental Law of December 21st, 1867, of the Empire of Austria and the Kingdom of Hungary, two inseparable constitutional Monarchies, hereditary in the male line of the House of Hapsburg-Lorraine and descending in the female line on the extinction of the male.

The professors of Constitutional Law have wasted much ingenuity over the question whether the Austro-Hungarian Monarchy is a federal State, a federation of States, a State of States, a Kingdom of States, an unitary State, a dual State, and so forth. Without venturning into such deep waters, we can say that at the present moment the Austro-Hungarian Monarchy is breaking up. The Slavs and Roumanians in the Austrian Empire have never ceased to agitate for their independence. They are all filled with loathing of the Germans and Magyars. The Roumanians of Transylvania and the Bukovina look forward to union with Roumania, the three and a half million Ruthenes are longing for union with Russia, while Croatia and Slavonia, Catholic though they are, seem anxious to throw in their lot with Serbia in the new "Greater Serbia."

Austria-Hungary is only a medley of races at loggerheads. There is no bond of sympathy between them. The Monarchy is merely a government and an army. Its so-called parliamentary system is but a travesty, with race-antagonism as its distinguishing feature. The

statesmen of Austria seem to concentrate their energies on playing off the various nationalities against each other.

Those peoples which have not been absorbed by the Magyars and Germans of Austria must recover their independence; some, like the Bohemians, Moravians and Slavs, to form new States, others to be united with their compatriots over the frontier in Poland, Russia, Roumania, Serbia and Italy. The treaties of 1916 must substitute voluntary groupings for the compulsory associations of the past. The dismemberment of the Austro-Hungarian Empire is the inevitable corollary to the grasping and aggressive policy of the Hapsburgs.

The Czechs have never ceased to demand the fulfilment of the promise of Bohemian autonomy which Austria gave them in 1860. Their national development has proceeded uninterruptedly. German influences have been rooted out. Thirty years ago the Germans were masters of Prague. To-day they hardly show themselves there. In the Middle Ages the Czechs boasted of the most advanced civilization in Central Europe. Their John Huss had been one of the heralds of the Reformation. Bohemia's perpetual struggles for self-realization constitute her right to independence.

The Czechs, the Moravians and Slovaks form a group of some 8,500,000 persons, ready and anxious to form a new independent State in the future, in which they have maintained an unshaken belief.

Since 1867 the Slovenes have agitated for a Kingdom of Slovenia or Illyria, to include Trieste, Istria, Gorica, Gradisca, Carniola, Southern Carinthia and Southern Styria. These ambitions are more likely to be realized in the formation of a Greater Serbia, which may be a confederation of all these districts.

The ultimate disposition of Trieste and the ports of Dalmatia is a thorny problem. The Adriatic is Italian as far as Trieste, of which the Italians represent the active, intelligent and wealthy element; but the rest of the coast is Croat. Fiume is the port of Hungary and must be the port of Croatia and Slavonia. The small ports of Dalmatia have Italian sympathies, but Dalmatia itself is Slav. The question is open to more than one solution.

In 1848 the Italians and Ladins who inhabited the Tyrol south of the Brenner Pass protested vigorously against the action of the Frankfort Parliament in treating them as members of the German Empire. In 1866 the Germans accused them of wishing for union with Italy, like Venice. There, as elsewhere, Germans have proved their inability to assimilate subject races. The Italians and Ladins

form a group of 804,000 out of a total Tyrolese population of 940,000. In the figure of 804,000 Latins and Ladins are included the Italians of Istria and Dalmatia; but the Latins and Ladins constitute an enormous majority in all that part of the Tyrol which lies south of the Brenner. It must be restored to Italy.

The Vorarlberg, a small district, with an area of 1,004 square miles and 145,000 inhabitants, whose only channel of communication with Austria is by the Arlberg tunnel, should be reunited with Switzerland, but probably the Swiss would not welcome the gift, for Vorarlberg is both Catholic and German. The German Swiss are disinclined to add to the number of Catholics in the Confederation, and the French Swiss are not anxious to reinforce the German element which is already in the ascendency.

The German provinces of Austria, Lower and Upper Austria, Salzburg, Northern Styria and Carinthia and the German Tyrol, may form a State of some twelve million people, with Vienna as its capital, or else they may be united with Bavaria, the lot which befell some of them after Napoleon wrung the Treaty of Pressburg from Austria. Thus these German provinces of Austria will have access to the sea only by the Danube or through Trieste, destined to be Italian or independent.

The Hungarians will shrink to a small nation of some ten million souls in an advanced stage of decadence. "Pride will be the ruin of my people," said Szechenyi in 1849. Hungary will still have the fertile plain of the Alföld, but her dream of ruling the earth by subordinating Vienna to Budapest will be at an end. She will not be allowed to keep Fiume. The embittered and disillusionized Hungarians will never forgive others the errors they have committed. They will never cease to be a factor of unrest; but, as they have also never inspired any emotion but ill-will, they will not be dangerous.

The inability of the Germans of Austria and the Hungarians to assimilate their subject races is the weightiest indictment of their rule. Why, then, should we trouble to maintain the authority of a State which has shown conspicuous incompetence in its domestic affairs and proved a standing menace to the world's peace by its passions and ambitions?

The dismemberment of the Austro-Hungarian Monarchy is the course urged by the majority of its political thinkers, a truth acknowledged even by the school of politicians which maintains that the continued existence of Austria-Hungary as a great Power is necessary

to the equilibrium of Europe. Of this doctrine a distinguished exponent is M. Arthur Girault, Professor of Political Economy in the Faculty of Law of Poitiers. He admits that Austria must lose Galicia (30,307 square miles, population 8,025,700), the Bukovina (4,030 square miles, population 800,000), Bosnia and Herzgovina (16,206 square miles, population 1,898,000), Dalmatia (4,940 square miles, population 645,900), Croatia-Slavonia (16,417 square miles, population 2,627,000), Fiume (8 square miles, population 40,000), Istria (2,000 square miles), Trieste (38 square miles), Görz and Gradisca (1,126 square miles), the population of these last districts amounting to 894,000, and, lastly, the Trentino (population of Italians and Ladins 800,000) and Transylvania (22,000 square miles, population three millions). He leaves to Austria Bohemia, Moravia and the Slovaks, although the policy of the Austro-Hungarian Government towards them has been conspicuously oppressive.*

After these changes Austria-Hungary would be a State of some 160,000 square miles, instead of 240,000, with a population of 30,000,000 instead of 51,500,000. It would thus be smaller, but have a larger population than Spain.

M. Girault concludes :

" That situation would be very dangerous, not only for the independence of Austria-Hungary, but also for the European balance of power. First in the economic sphere, then in the political, Austria would speedily sink into bondage to Germany. The Germans of Austria would be inevitably drawn into the German Empire. Austria would become a second Bavaria. Vienna would descend to the rank of Munich. The Hohenzollern Empire would find the acquisition of Austria a solid compensation for the loss of Alsace-Lorraine and the Polish provinces. Lastly, Germany would emerge greater than before from a war in which she would have been beaten."

How can this danger be avoided ? M. Girault indicates a way of salvation :

" To avert this disaster it is absolutely essential that Austria-Hungary should remain a great Power, and Vienna the capital of an Empire capable of acting as a counterpoise to that of the Hohenzollerns. Curtailed on the east and south, she will only be able to maintain her position among the Powers by expanding on the north and west ; in other words, at the expense of the German Empire. Silesia, the loss of which Austria has never forgotten, and South Germany, with its natural leanings towards Vienna rather than Berlin, would attach themselves readily enough to the Hapsburg Monarchy. They are preponderatingly

* The figures given are those of the census of 1910. The estimates for 1913 would show larger totals.

Catholic. Their incorporation in an Empire which stands as the hereditary champion of Catholicism among the Powers of Europe could not violate their local sentiment. Silesia has a population of five millions, Bavaria six millions (nearly seven with the Palatinate), Würtemberg nearly two and a half, the Grand Duchy of Baden more than two.

"That part of the Grand Duchy of Hesse which lies south of the Main and the ancient free city of Frankfort should also be incorporated in Austria. These sixteen or seventeen million Germans, passing from the Hohenzollern to the Hapsburg Empire, would restore the balance of power, and enable Austria-Hungary to remain what she is to-day, a great Power of fifty million souls, while her new population would equal that of Germany thus reduced, and would no longer be distracted by domestic differences due to the clash of tongues and nationalities."

This solution is based on the assumption that Bavaria and Baden would welcome incorporation in Austria. Their history, however, especially since the Treaty of Lunéville, does not support that view. It also assumes that Vienna will be entirely emancipated from the influence of Berlin, though since 1870 the Germans of Austria have submissively followed the lead of the German Empire. When Hungarians, such as Andrassy and Tisza, drove them into alliance with Germany they made no demur. There was no thought of resistance. To group all the Southern Germans round Vienna and allow Prussia to revive the Confederation of the North would be to create for her a new German Empire, held together by universal hatred of France and Russia. The Hapsburgs would remain what they have been since 1871, the tool of the Hohenzollerns.

The only permanent solution is the dissolution of the two Empires.

CHAPTER IX

ROUMANIA AND TRANSYLVANIA

I. Roumania—The Kingdom of Dacia—Tradition—Turkey and Russia—The union of Moldavia and Wallachia settled by the Treaty of Paris in 1856—Union in 1859—A constitutional monarchy in 1866—Sympathy for France in 1871—Becomes a kingdom in 1881.

II. Transylvania and the *Banat*.

III. Daco-Roumanian ambitions—The advantage of having a strong buffer State between Russia and the Balkans—The importance of a final settlement.

I. Roumania

MODERN Roumania is composed of two separate States: one is called Wallachia by Europeans, though its inhabitants call it "Muntenia," or "Tsara Românească" (Land of the Roumanians), and the other Moldavia. Their amalgamation into a single State was recognized only in 1862, and in diplomatic documents they were known as the "United Principalities" or the "Danubian Principalities." The name of "Roumania" only began to be used officially in 1874, but was established by the Treaty of Berlin of 1878.

According to M. Xenopol,* the Roumanians are the descendants of the colonists sent by Trajan in A.D. 107 to occupy and populate Dacia. They did not come from Italy, but *ex tote orbe romano*, from every corner of the Roman world. Their official language was Latin.

The Hungarians claim as their historic patrimony the ancient Kingdom of Dacia, the capital of which was Sarmizegethus in Transylvania. It stood in a valley now known as the Hatszeg which is the bed of a tributary of the Maros, which joins the Theiss.

All national claims are based on traditional rights, and it is therefore necessary to glance at the history of the Roumanians.

Before the thirteenth century the history of the Moldo-Wallachian provinces is wrapped in obscurity. They were often at war with the

* *Histoire des Roumains de la Dacie Trajane* (in French, 1895).

Hungarians, and in 1389, having allied themselves with the Serbians against the Turks, they shared the disastrous defeat of the former at Kossovo. In the second half of the fifteenth century, the King of Hungary, Matthias Corvinus, wrote to the King of Poland: "The voïvodes of Wallachia and Moldavia fawn upon the Turks, Tartars, Poles and Hungarians in turn, and, with this multiplicity of masters, their perfidy goes unpunished. Knowing their weakness, they play all manner of tricks upon their more powerful neighbours."

The septennial elections of a hospodar by the boyars led to a condition of anarchy from which the provinces did not even escape when they became a Turkish protectorate. The Turks governed them through phanariotes, who systematically robbed them. Then a new factor appeared—Russia. On July 10th, 1774, she restored the two provinces and Bessarabia to the Porte, but reserved to herself a share in the government and an interest in their foreign relations.

These rights were recognized in the treaties of 1779, 1783 and 1792. The Treaty of Bucharest of 1812 restored Bessarabia to Russia. On March 17th, 1826, the Emperor Nicholas required the Porte to evacuate the Principalities and settle the Serbian question. The Treaty of Akerman completed the Treaty of Bucharest, and a separate agreement gave Russia a protectorate over Moldavia and Wallachia. The Porte tried to disregard its obligations and brought down on its head a Russian expedition, which compelled it, on the 14th of September, to grant Russia free trade on the Black Sea and throughout the Ottoman Empire, to open the Straits, and to pay a war indemnity of some £5,500,000. The hospodars of Wallachia and Moldavia, instead of being elected for seven years, were to be elected for life. Russia appointed as Governor of these provinces Count Kisseleff, who gave one of the rare examples of an enlightened despotism, though he left the peasantry subject to burdensome *corvées*, while the amount of land assigned to them by their landlords was reduced from twenty-two hectares to six.*

In August, 1834, Alexander Ghica was appointed hospodar of Wallachia, and Michael Stourdza hospodar of Moldavia. Ghica was deposed in 1842 and replaced by George O. Bibesco. The only connection between the hospodars and the Porte was the homage they rendered at their election. The internal disorders of Wallachia do not concern us here.

The union of the two provinces was decided in principle at the

* One hectare = 2.47 acres.

Congress of Paris in 1856. Napoleon III. hoped by establishing a comparatively powerful State to separate Russia from the Slav provinces of the Balkans, Prussia wanted to weaken Austria, Piedmont to set up a precedent in favour of the principle of nationality, Russia to weaken the Ottoman Empire. Austria and Turkey alone opposed the change. Great Britain accepted it with reserve. In 1859 the union was brought about by the double election of Prince Alexander John Cuza by Moldavia and Wallachia. The Constitution of 1866 established a constitutional monarchy, and Prince Charles, second son of Prince Charles Antony of Hohenzollern-Sigmaringen, and an officer in the Prussian army, was elected Prince Regent. He was twenty-seven years old.

In 1871 the Roumanians made no secret of their sympathies for France. The ringleaders in a popular demonstration were brought to trial, but were acquitted. Shortly afterwards a German named Stransberg, who had obtained a railway concession through the Prince's favour, went bankrupt. There was a loud outcry against the German colony. The Prince summoned the Council of Regency and offered to abdicate. The Roumanian Conservative party took fright. The elections went in the Prince's favour and he remained in power.

In 1878, Roumania not only allowed the Russian army to cross her territory, but assisted actively with her own forces, which played an important part in the campaign. The result of the war was to make Roumania entirely independent of Turkey, but Russia rewarded her for her assistance by seizing from her, in exchange for the Dobrudja, the part of Bessarabia which had been ceded to Moldavia after the Crimean War. It was in reference to this affair that Lord Beaconsfield wrote: "Ingratitude in politics is often the reward of the greatest services."

Roumania became a kingdom in 1881. In 1884 the constitution was to some extent remodelled.

Roumania's part in the Balkan War is a matter of history. In spite of the manœuvres of Austria-Hungary, she intervened on the outbreak of war between Bulgaria and Serbia. Without firing a shot she compelled Bulgaria to sign the Treaty of Bucharest, surrendering some 3,340 square miles of her territory and a population of 354,000.

The present area of Roumania is some 56,000 square miles, and her population 7,600,000.

II. Transylvania and the Banat

The Roumanians in Transylvania and the *Banat* form a group of about three million souls. Since the eleventh century they have been perpetually in conflict with the Magyars. The principal causes of friction are three: the questions of language, religion and political domination. The electoral bill passed on March 8th, 1913, has made the situation of the Roumanians more difficult. Under the old system the proportion of voting power of each nationality to the total electorate was 10.6 per cent., but now it is only 9.9, although the proportion to the total population is 16.1.

The Hungarians have arranged their system of education in such a way that in their classical schools only one Roumanian to thirteen Hungarians is to be found: 3,908 to 49,482. In the non-classical schools there are 8,372 Hungarians to 231 Roumanians. Although the Roumanians are an extremely musical race, there are only 45 Roumanians to 7,471 Hungarians in the schools of music. In the universities there are 465 Roumanians to 10,653 Magyars.*

III. The Daco-Roumanian Kingdom.

In the present war Roumania has repeated the policy of "wait-and-see" which she found so remunerative in 1913. Her neutrality, however, has not been complete. She has sold corn, maize and oil to Austria-Hungary, and thus increased the resources of the Central Empires.

It is to the interest of Europe that there should be a strong non-Slav State between Russia and the Balkans to act as a counterpoise to the Greater Serbia which will be one of the creations of the war.

The new frontier of Roumania on the west must enclose the district of 7,200 square miles, forming the south-east corner of Hungary between the Maros, the lower Theiss, the Danube and Transylvania, which constituted the *Banat* of Temesvar. The population consists

* Annual Statistics of Hungary for 1911. See *Hungarian Tyranny and Suffering*, by Suumcuique; *Contemporary Review*, December, 1914.

of Roumanians, Bulgarians, Serbs and Germans, with a mere sprinkling of Magyars. The area of Roumania will be increased to 88,000 square miles, or two-fifths of that of France; but, a matter of far greater moment, her dream of a Greater Roumania will be completely realized. The arrangement will be final.

CHAPTER X

TURKEY

Lord Beaconsfield introduces Germany to Eastern politics—Constantinople a hot-bed of intrigue—The Anatolian Railway in 1889—The "Sick Man"—The Treaty of Paris—The dogma of Turkish integrity—Lord Derby and the suicide of the "Sick Man"—High-sounding theories both conventional and false—The Khalifate—The break-up of the Turkish Empire—Russia and Constantinople—The Balkans.

IN 1878 Lord Beaconsfield brought Germany into Eastern politics with a view to counteracting Russian influence. I know that Bismarck once attempted to demonstrate his friendship for Russia by saying that he "never opened the Constantinople despatches." He even went so far, according to his *Reflections and Reminiscences*, as to declare that he believed it necessary, from the point of view of German interests, that the Russians should be firmly established at Constantinople.*

For the last two centuries the Turkish Government has been nothing more than a battle-ground for rival European intriguers, a breeding-ground of controversies between the great Powers, skilfully nursed by Turkish politicians like Abdul Hamid.

Bismarck was still in power when the Germans, under Gerad Pasha, began to teutonize Turkish policy. The Convention which gave them the Anatolian Railway dates from 1889. William II. paid two visits to the Sultan, secured orders for the necessary material, became his bosom friend, and finally obtained the concession of the Bagdad Railway.

In 1853 the Czar Nicholas I. remarked in a conversation with the British Ambassador, Sir George Hamilton Seymour: "We have a sick man on our hands." He declared: "I do not desire the permanent occupation of Constantinople by the Russians, but I am anxious that it shall never fall into the hands of the English, the

* Vol. II., p. 286.

French, or any other great Power." He went on to say that the interests of Russia and Austria were one, and that he did not object to the British occupation of Egypt and Candia.

Sir George Hamilton Seymour replied that by occupying Egypt England only wished to secure free and rapid communication with India.

Great Britain and France joined hands in the Crimean War. The Treaty of Paris restored the Straits to the Porte and forbade Russia to keep a navy in the Black Sea, a clause which she disregarded after 1871. Since the opening of the Suez Canal Great Britain has occupied Egypt.

At that period Great Britain was anxious that Russia should not advance beyond the Caucasus and approach Persia. Russia built the Trans-Caspian Railway, and has come to an agreement with Great Britain as to their respective spheres of influence in Persia.

The integrity of Turkey was a dogma of French diplomacy from the days of Francis I. It was solemnly affirmed by the Congress of Paris in 1856.

In 1875 Lord Derby said: "Twenty years ago, by the Treaty of Paris, we guaranteed the Sick Man against being killed—we did not guarantee him against committing suicide." The Sick Man has committed suicide after all. If so much effort had not been directed towards keeping him alive for so long, in all probability there would have been no present war.

The importance of Constantinople is a tradition that dates from the time of the Crusades. In those days it was the second or third city of the world, whereas to-day it is only the fourteenth or fifteenth. Although most geographical, historical and diplomatic treatises are fond of repeating that the route to India lies through Constantinople, the facts are otherwise. It was one of the great world routes only for the Crusaders on the way to Jerusalem. It has been frequently said that the possession of Constantinople means world domination. In that case, the Turks have been masters of the world for centuries. Constantinople is, however, the gate of the Black Sea and it is ridiculous that a Government which is no more than a glorified anarchy should have the communications of Russia with the outside world at its mercy.

Sir Edward Grey's note of November 1st, 1914, recalls that on the outbreak of the war Turkey received from Great Britain, France and Russia an assurance that if she remained neutral her independence

and integrity would be respected during the war and when terms of peace came to be considered. It seems that the Turkish Government allowed German officers to usurp its authority.

Turkey is even less a nation than Austria-Hungary. The break-up of the Turkish Empire is already an accomplished fact. Another political system must take its place to ensure that the Bosphorus and Dardanelles will always be kept open. The Sultan will in future be merely the Khalif of Islam, as the Pope remained head of the Catholic Church after the entry of the Italians into Rome. He will retain his religious functions and dignities, but will lose all temporal authority.

Constantinople is not a Turkish city. It is cosmopolitan, a town of many tongues, in which Greeks, Armenians and men from many lands live their lives of intrigue.

Would a joint administration by Great Britain, France and Russia be able to secure order and the freedom of the Straits ? The experience of joint administrations in times past is not encouraging. Their lease of life has usually been short. The only practicable solution of the problem is to hand over Constantinople and the Straits to Russia in full confidence that she will not abuse her position. As the *Spectator* pointed out, while Turkey's occupation of Constantinople has been a historical scandal, it is to be expected that Russia will thoroughly justify her possession of the city if only because she has given incontestable proof of her ability to govern Mohammedans. According to the religious census of 1897, there were no less than fourteen million Mohammedans in the Russian Empire. The number has certainly increased since then. The *Spectator* went on to ridicule the fear that the possession of Constantinople would make Russia too powerful. Those who are haunted by that fear may be easy in their minds. The Czar of all the Russias will not abandon Petrograd to make Constantinople his capital. Saint Sophia will never take the place of the Kremlin.

The dissolution of the Turkish Empire might be carried out on the following lines : Russia would have all that part of Turkey which forms the coast of the Black Sea. Great Britain would acquire Mesopotamia and the courses of the Euphrates and the Tigris, while Syria and part of the coast would go to France. I say nothing of Greece, Bulgaria, Montenegro and Albania, because the settlement of their affairs will be only a minor matter in the peace negotiations.

CHAPTER XI

RUSSIA

The development of the Slav States as an antidote to Pan-Slavism—Russia's power of "assimilation"—The tolerance of Mohammedans—The Slav peril—Mazzini's opinion—An Italian alliance with the Slav family.

HERR GUMPLOWITZ, a professor at the University of Gratz, gave an excellent piece of advice to the statesmen of Austria, haunted by fears of Pan-Slavism, when he counselled them to foster the development of national feeling among the Slav groups. He urged Prussia and Austria to promote the sentiment of Polish nationality. The only effective method of saving Bohemia from Pan-Slavism is to allow Czech nationality to develop unhampered. He recommended the same course for the Southern Slav groups of Austria-Hungary. Liberty would mean the preservation of their individuality, whereas oppression would drive them into the arms of Russia.

In support of this view he cited the case of Bulgaria, which was emancipated from Turkish rule by the efforts of Russia, and had yet always put independence as regards Russia before gratitude for her services. He recalled that Queen Nathalie was expelled from Serbia on account of her marked leanings towards Russia.

This advice was exceedingly wise, because it was based on reality; but the Governments of Vienna and Budapest have continued to pursue a policy which alienates the Slavs and makes them look to Petrograd for deliverance.

Herr Gumplowitz* denounces Russian diplomacy as being equally skilful and dangerous, and a marked improvement on the teachings of Machiavelli. "Rome," he says, "conquered first and assimilated afterwards." Prussia took a piece of Poland, then tried to assimilate her Poles, but, so far from succeeding, her germanizing methods in Prussian Poland have roused a strong Russophile sentiment in Russian Poland. The weakness of the Turks is due to the fact that

* *La Lutte des Races* (Paris, F. Alcan). *Sociologie et Politique*, 1 vol. (Giard et Brière).

when they have made conquests they have made no effort to assimilate the conquered.

The Russians, he says, begin at the other end. They start with spiritual assimilation. Peter the Great styled himself Pope of the Greek Church. Every member of that Church owes allegiance to the Czar. Russia adds to spiritual pressure temporal assistance to the Greek clergy. The kinship of the various Slav tongues facilitates penetration. Moral conquest precedes military conquest.

This generalization of Herr Gumplowitz as to Russian methods errs in the direction of exaggeration, but he explains their comparative failure in Poland on the ground that Poland represented a higher civilization than that of Russia. The Russians went to Tashkend and Samarcand before sending Greek priests there. They have made no attempt to convert the Mohammedans of Asia to the Greek Church. Yet it is incontestable that Russia has assimilated her Mohammedan subjects with ease, whereas the Germans and Magyars have failed conspicuously to assimilate their subject populations.

Will the Russians develop the war-madness of the Prussians? Those who know them best say that the Russian peasant is the most gentle and least quarrelsome of men.

The German Socialists, taking their cue from the Wilhelmstrasse, have attempted to justify their attitude towards the war by talking of the Slav peril. No doubt they see it, but the French have seen the German peril for the last fifty years and it became more formidable from day to day, though the German Socialists tried to convince the Belgians, French and English that it was a phantom of their imagination. To-day the acts of their countrymen with whom they have sided prove that the German peril is the peril of barbarism let loose, while their treacherous and lying diplomacy, their flagrant disregard for their plighted word, prove that they are lost to all sense of shame. If the behaviour of the Germans in Belgium, France and Poland be compared with that of the Russians in Galicia, the latter appear as models of virtue.

The Slav peril has often been held out as a terror for Italy in the hope of fomenting discord over the future of the Adriatic coast. Signor Rodolico, however, writing on the 8th of November in the *Mazocco* of Florence, recalled a letter of Mazzini's, in which he said:

"The true objective of Italian international policy, the shortest route to her future greatness, is an alliance with the Slav family. The Turkish and Austrian Empires are irrevocably condemned to death, and the sword which will deal them their deathblow is in the hand of the Slavs."

CHAPTER XII

POLAND

Austria's right to Galicia—The partitions of Poland—The arrangement of 1815—The incorporation of Cracow in Austria—Germany's failure to assimilate the Poles—The Kaiser's appeal to the Teutonic Knights—The proclamation of August 14th, 1914.

IN the twelfth century Hungary warred with Venice and the Russians of Galicia, the capital of which was Przemysl. They were helped by the Poles. Bela III. compelled part of Galicia to render homage. Andrew II. took the title of King of Galicia and Lodomeni, but had no authority. His title formed the basis of Austria's claim to Galicia in 1772, six centuries later, at the time of the partition of Poland.

That partition formed a bond of union between Austria, Russia and Prussia. Frederick II. wrote in his *Memoirs:* "The acquisition of Poland was one of the most important events for us, because it joined Pomerania to East Prussia, and gave us control of the Vistula." Maria Theresa wept with grief over the partition, but accepted Galicia. In 1793 there was a second partition. Prussia received the provinces of Posen, Kalisz and Sieradz, and the towns of Danzig and Thorn, Austria eighteen thousand square miles and more than a million new subjects, and Russia the rest.

At the Congress of Vienna three rival schemes were put forward. The Emperor of Russia wanted a Russian protectorate, while the British and French desired the establishment of an independent Polish nation. Russia, Prussia and Austria made a private agreement for the disintegration of Poland. The Congress was not even consulted, and they merely brought their private arrangement to the eight Powers for signature. As if half ashamed of their action, the independent Republic of Cracow was created under the protection of Austria, Prussia and Russia; but in 1846 the three protectors, violating their assurances to England and France, joined in incorporating it with Austria.

The Germans have displayed their inability to assimilate their subject peoples. They spared no pains to "colonize" the Polish provinces. The result has been that in 1867 the Duchy of Posen possessed 688,000 Germans and 844,000 Poles; in 1910, 807,000 Germans and 1,279,000 Poles. Out of 1,000 inhabitants there are 619 Poles to 381 Germans. In Silesia there are 1,236,000 Poles and 4,774,000 Germans; in West Prussia 476,000 Germans and 1,098,000 Poles. The parts of these provinces in which the Poles are in a majority must be restored to Poland. It is a work of ventilation which can be carried out generously.

In 1900 the Kaiser made a speech in the ancient castle of the Teutonic Knights at Marienburg, in which he summoned them to a crusade against the Poles. It is plain that he cannot complain if he gets rid of them.

On August 14th, 1914, in the name of the Czar, the Grand Duke Nicholas promised the Poles the restoration of their national independence:

"Poles! the hour is at hand in which the dream of your fathers and grandfathers shall be realized. A century and a half ago the living flesh of Poland was torn in pieces, but her soul is not dead. . . . Under the sceptre of the Czar of Russia, Poland shall be re-born, free in her religion, free in her language, and autonomous. . . . The dawn of a new life rises before you. May that dawn be illumined by the sign of the cross, symbol of the sufferings and resurrection of nations."

The resurrection of the Kingdom of Poland is the Czar of Russia's master-stroke of policy. Galicia to the San and Cracow will form part of it, as well as the Duchy of Posen and the Polish districts of Silesia and West Prussia. The mouths of the Vistula and Danzig will be restored to Poland, and the new Polish frontier will be within one hundred miles of Berlin. If the King of Prussia wishes to visit Königsberg, he will have to go by sea unless he goes through Polish territory. In 1848 a scheme for the restoration of Poland was presented to the Parliament of Frankfort. "It would sever the most important arteries of Prussia," said Bismarck.

Poland will form a buffer State between Russia and Prussia, a suggestion put forward at the Congress of Vienna, when Prussian greed prevented its realization. The restoration of Poland is the best guarantee that Russia can give against the ambitions that some attribute to her.

CHAPTER XIII

THE GERMAN COLONIES

THE German colonies, which can never be other than a bone of contention, will be divided between Great Britain, Belgium, France and Japan. This arrangement must be regarded not less as the sanction of territorial gains than as a guarantee of peace.

The Kaiser's declarations at the beginning of the war proved that his colonial ambitions were one of his motives in taking the plunge. This motive must not be left to him.

The disinterestedness of Great Britain, France and Russia as regards the acquisition of territory in Europe is a guarantee of their agreement over the settlement of the world-questions raised by Germany and Austria-Hungary. The Allied Powers entered the war to win peace and assure it to Europe.

CHAPTER XIV

THE RESTORATION OF ALSACE-LORRAINE

I. The declaration of the Deputies in 1871—Germany's failure to assimilate Alsace-Lorraine—French culture survives—Area and population of the annexed provinces—The proportion of German immigrants—The reconstitution of the four departments.

II. Restoration a matter of right—The question of a plebiscite does not arise—The plebiscite is a mechanical and simple system, but unsatisfactory—Article 5 of the Treaty of Prague—Impossibility of securing a genuine referendum.

ON February 16th, 1871, in the National Assembly at Bordeaux, the thirty-six Deputies of the Haut and Bas-Rhin, the Moselle, the Meurthe and the Vosges, declared that they did not recognize the validity of the Treaty of Frankfort.

"We proclaim the eternal right of the Alsace-Lorrainers to remain members of the French nation, and we swear, for our constituents, our children and their descendants no less than for ourselves, that we will never cease to claim it by all means and against all usurpers."

After forty-four years this claim ought to have lapsed. It has not done so. The Germans have had no more success in assimilating the Alsace-Lorrainers than in assimilating the Poles.

The re-incorporation of Alsace-Lorraine with France is a matter as much above dispute as the complete evacuation of Belgium by the Germans.

M. André Weiss raises this question:

"Further, it goes without saying that this restoration, of right, to French nationality, the logical consequence of the eviction of the Germans from Alsace-Lorraine, can only apply to those families which were established in the lost provinces before 1871. The immigrants of German origin will have no claim to it. Will it not be possible, by means of privileged, though individual, nationalizations, to throw open French nationality to those who have given guarantees of their attachment and fidelity by their conduct and culture?"

M. Maxime Leroy says very truly:

"We must sternly oppose all measures which may seem aimed at the lawful interests of the Germans well disposed toward us: I mean that France must respect private property belonging to Germans in Alsace-Lorraine, not only in spirit, but to the letter. Anything resembling the abominable expropriations in Poland must be avoided. In this way, and chiefly in this way, France will show that she is as incapable of stealing a mill as of stealing a province.

The following figures show the area and population of the territories torn from France in 1871:*

	Square miles.	Population in 1866.
Alsace	3,116	1,066,000
Lorraine	2,488	535,000
	5,604	1,601,000

These provinces comprised the whole of the Department of the Bas-Rhin—that is, some 1,756 square miles—and four-fifths of the Department of the Haut-Rhin.

The new frontier was purely artificial. It was not determined by natural features, nor did it correspond to distinctions of language.

In the census of 1910 the civil population of Alsace was assessed in round figures at 1,800,000, distributed in the following manner:

		Percentage.
Alsatians and Lorrainers	1,495,000	83.42
Germans	220,000	12.30
Foreigners	76,000	4.28

The inhabitants classified as Germans are those who are natives of a State of the Empire other than Alsace-Lorraine. If only the place of birth be considered, the figure for Germans drops to 164,000; but among the children of immigrants a certain number may have become naturalized Alsatians and this element increases the German element to an unknown degree.

In view of the marked exodus of Alsatians and Lorrainers into France and the immigration of officials, it is curious that the proportion of Germans is not higher. Of the 220,000, 120,000 are Prussians. There are 35,000 each from Bavaria and Baden and 15,000 from Würtemberg.

* *Journal de la Société de Statistique.* Paul Merriot: "La Statistique comparée des territoires cédés par la France en 1871."

In Lower Alsace there are more than twice as many Germans as in Upper Alsace, the figure being more than 68,000. The majority reside in the urban centres.

M. Paul Meuriot reconstitutes in the following manner the Departments absorbed or dismembered in 1871 :

	1866.	1910.	Increase.
Bas-Rhin	588,000	655,000	67,000
Haut-Rhin	530,000	610,000	80,000
Moselle	452,000	590,000	138,000
Meurthe	428,000	543,000	115,000

Some writers have advocated submitting the ultimate disposition of Alsace-Lorraine to a plebiscite. The suggestion cannot be taken seriously, for it would mean the recognition of Germany's right of conquest. France suffered that conquest and the Treaty of Frankfort registered her resignation to its consequences. Germany herself tore up the Treaty of Frankfort and restored Franco-German relations to the conditions obtaining before the war of 1871.

The idea would be impracticable even if applied to the reconstitution of the emancipated peoples of Prussia and Austria-Hungary.

The system of a plebiscite, simple and mechanical in operation, was dear to Napoleon III., who demonstrated how useful it could be after a *coup d'état*. He consoled himself for the Battle of Sadowa by securing the insertion of the following Article 5 in the Treaty of Prague :

" His Majesty the Emperor of Austria transfers to His Majesty the King of Prussia all the rights over the Duchies of Schleswig and Holstein granted him by the Treaty of Vienna in 1864, provided that the population of the northern districts of Schleswig shall be restored to Denmark if they express a desire for that union by a popular vote."

This article was never carried out. Even if it had been, what guarantee would it have afforded ? Who would have been in charge of the ballot-boxes on the polling day ? Who would have guaranteed the genuineness of the vote or the accuracy of the figures ? Would the voters have been absolutely unfettered in their decision ? In any case, can the voters of to-day pledge the unknown future ? Far better than this system is the satisfaction of the traditional aspirations which unite certain human groups and disintegrate others.

CHAPTER XV

THE WAR INDEMNITY

War is an affair between States, not between individuals—"Strangling" the Germans—The policy of pressure and the policy of reconciliation—The war indemnity—Herr von Zedlitz's claims—Pecuniary responsibility—Some crimes against the law of nations ought to entail personal responsibility—Securities—The Prussian State railways—The State mines—No State will secure material profit from the war.

THOSE who are swayed by sentiment and passion and will not listen to the dictates of reason have a very simple prescription for the treatment of Germany.

"They have made war on us," they say, "after having kept us perpetually in an agony of suspense. They have lied impudently in the hope of changing their rôle of aggressor into that of injured innocent. They have violated the neutrality of Belgium, and committed atrocities unnameable, which they repeated in France. Their intellectuals have declared themselves at one with their Government and proclaim their approval of the war methods of their commanders and troops. They must be made to pay for it! We must strangle Germany!"

Now what does "strangling" Germany mean? Do they wish to undertake the responsibility of governing the Germans? It is all a country can do to govern itself. Do they wish to repeat the experiment of 1806 on a nation which will still number sixty-four to sixty-five millions after the war? Do they want to have a permanent army of occupation in Germany? Officers and men would deteriorate and degrade themselves in the task.

A far different policy must be pursued if peace is not to be gained at too high a price. Rousseau, Portalis and a multitude of writers on international law have laid down as axiomatic that war is an affair between States, not between individuals. In war, each belligerent aims at the destruction of the military forces of his opponent, so that that opponent, finding himself disarmed, will be compelled to

accept his terms. The terms may be political or territorial changes, but whatever form they take, they ought to be imposed on the State and not intended to touch individuals. They should not aim at the ruin of the peasantry, the landowners, or the industrial proletariat, and, above all, should not be devised to deprive the working classes of work.

"But then," cry the extremists, "the Germans will revive. Our victory will avail us nothing." Those who talk in this fashion should calmly put one question to themselves. If a Power reduces its enemies, not collectively, but individually, to despair, it inevitably makes them rally round their Government, or its memory if the Government has disappeared. These tactics pave the way for revenge. The right course for the conqueror is to strive to dissolve the hostile forces. When the conquered realize that they can resume their old existence and take up their old business and pursuits, when they find themselves as secure in their lives and property as before, bitter memories fade away, the feeling of enmity and desire for revenge vanish, and hatred dies a natural death.

During the peace negotiations we must advocate this policy with unyielding resolution in opposition to the policy of the uttermost farthing.

Yet, in spite of all our efforts, if victory entails suffering for the victors, it will mean far more to the vanquished. The victors will have a right to a war indemnity as compensation.

Herr von Zedlitz, an ex-director of the Prussian State Bank, firm in his belief in an Austro-German victory, has expressed some interesting views on the question of the war indemnity which a victorious Power has the right of imposing on its adversary. He includes in the account the cost of mobilization, the maintenance of the fleet and army during active operations, the re-stocking of armament, the repair of fortresses, compensation for losses to shipping, the restoration of the railways, an indemnity for local and provincial war expenditure (allowances, local relief), compensation for losses of all kinds suffered by individuals, rural districts and towns, and, lastly, the capital represented by pensions to the injured and the families of deceased soldiers. He remarks that Count Henkel (afterwards Prince Donnersmark) advised the Government in 1871 to take £200,000,000 in specie and short-date bills, and another £200,000,000 in Government rentes, in order to be able to lower French credit at any moment that German policy required. The idea was based on a fallacy, as M. A. Raffalovich

points out, because when a nation's vital interests are at stake, its determination is not shaken by any depreciation of Government stock. He adds:

"When the time comes for the Allies to examine this question of a war indemnity, they must begin by giving priority as a matter of justice to the losses suffered by individuals at the hands of the Germans, Austro-Hungarians and Turks. State demands must take second place, and at the moment of the distribution of the indemnity we suggest a formula based on the effective daily strength of the officers and men at the front. That would present a common divisor."

Article 3 of the Hague Convention dealing with the Laws and Customs of War on Land, dated August 17th, 1907, lays down that "the belligerent who violates the provisions of the said Regulations will be liable to pay an indemnity. It will be responsible for all acts committed by those who form part of its armed forces."

The Germans seem to have made a point of swelling the figure of the indemnity they will have to pay. But the question arises as to whether personal responsibility attaches to those who have committed, or ordered the commission of, crimes like the massacre of women, children and the aged, wholesale burning, rapine and indiscriminate destruction. If not, who is responsible? The answer must be the army leaders who authorized and encouraged the commission of these crimes and took no steps to prevent them, however horrible, as well as those who supervised the execution of the orders. Such crimes are violations of public law. They must be punished as such. If we could only rid ourselves of certain ancient prejudices, the Kaiser and the Crown Prince would be treated as common criminals.

The cost of the war already exceeds all anticipation. When the German Empire and Austria-Hungary sue for peace, their resources will be drained. The estimates that were made of the interest on their debts at the beginning of the war have been falsified by their successive loans during its course.

Some revenue may be obtained from the State railways. The estimate of the revenue of the Prussian State railways for the year 1914–1915 was 374 million marks (approximately £18,400,000). If this was the genuine revenue, it would represent capital which could be distributed in realizable bonds. But even taking the rate of interest at five per cent., this capital would only be £368,000,000. It would only be a trifle on account.

The same observation applies to the State mines and salt works in Prussia. Their profits were estimated at 37 million marks (£1,820,000). In these cases also conversion into bonds might be effected, but the capital would probably not exceed £40,000,000.

This method of obtaining a war indemnity has the double advantage of depriving the conquered State of its revenues and, consequently, reducing its resources. At the same time, its weight would not be felt by the taxpayers.

There are no Imperial railways. The Allies might extend the operation to the other States of the German Empire, but with great regard for their interests. The estimate of the profits of the Bavarian State Railway was only 3,000,000 marks (£147,000). In view of the prospective condition of the railways after the war, their capital will be comparatively insignificant.

We must not deceive ourselves. The war will not bring material profit, even to the victors. The most they can do is to reduce their loss.

CHAPTER XVI

GERMAN TRADE AND FREE TRADE

EVER since the war began there has been a multitude of speeches and articles on the destruction of German trade by French and British trade.

French Protectionists demand the repeal of Article 11 of the Treaty of Frankfort, which assured most-favoured-nation treatment to France and the German Empire. Many who are most anxious to annihilate German trade propose to keep out German goods by means of more or less prohibitive customs duties. They forget, in their simplicity, that customs duties are paid by the consumers, not the producers. Suppose they treble the duty on coal coming from Germany. It is the French metallurgical industry which suffers. If they increase the duties on dyes they injure the French textile industries. If they want to make at home the machinery which France imported to the value of £5,000,000 in 1913, they adversely affect all French industries dependent on it.

For France to fine herself for introducing the German products of which she stands in need would be a singular method of injuring the Germans. The only way for her to set a limit to the expansion of German trade and industry is not to close her own frontiers, but to open those of Germany.

Herr Diepenhors has said that "Germany's conquest of foreign markets must certainly be ascribed mainly to the syndicates."* These syndicates thrive on the practice of "dumping," made possible by customs duties. To prevent future dumping Germany must be made a Free-Trade country. To compel Germany to adopt Free Trade would not be to work for her ruin, but to rebuild the foundations of her prosperity. If France remains a Protectionist country, the condition of her trade and industry relative to that of Germany will be less favourable than it is now.

* Part II., Chap. VIII., *supra*

CONCLUSION

I HAVE tried by a dispassionate examination of facts to arrive at the international consequences of the war. My method has been as much as possible analytical, and I have studiously avoided the atmosphere which pervades speeches and articles on the war. I have said nothing of justice, immemorial right, still less of the eternal verities. The mythical has formed no part of my study.

My one object has been to discover the means of arriving at a lasting peace by satisfying once and for all the aspirations of the numerous groups which have never ceased to protest against the foreign domination under which they groan.

The political dissolution of the German Empire is the essential outcome of this war, but it will only be effective if it is accompanied and followed by its moral dissolution. We must work for that moral dissolution by refusing to be carried away by hatred, a passion which German statesmen, officers and soldiers have spared nothing to arouse. We can demonstrate the superiority of our civilization by showing that we are above a policy of reprisals.

We must not be turned aside from our task of replacing the civilization of brigandage by the civilization of exchange.

APPENDIX

THE BULGARIAN QUESTION

APPENDIX

THE BULGARIAN QUESTION*

I. Balkan interests and peace—II. The Bulgarians before and after 1878—III. Bulgaria and the Wars of 1912–1913—IV. The Bulgarians and Macedonia—V. Diplomatic illusions—VI. The difficulties of the problem.

I. Balkan Interests and Peace

I HAVE said :†

"I say nothing of Greece, Bulgaria, Montenegro and Albania, because the settlement of their affairs will be only a minor matter in the peace negotiations."

Present events do not lead me to adopt any other point of view. Those States will not settle their own future by themselves and their Governments will have no case for intervention in the peace negotiations, because their destinies are in the hands of the Allies. It is therefore advisable at this moment to appreciate the situation of those peoples, in order that it may be duly considered when the day for a final settlement of the Eastern Question arrives.

When the Balkan War broke out I pointed out in the *Journal des Economistes* for October and November, 1912, the insignificance of the interests at issue, the negligible economic value of the region

* Bibliography : *La Question d'Orient*, by Ed. Driault.—*La Vie Politique dans les Deux Mondes*, by A. Viallate and M. Caudel.—*L'Europe et la Politique Orientale*, 1878–1912, by Count de Landemont, 1912.—*Les Origines de la Guerre Européenne*, by A. Gauvin, 1915.—*Macedonia and the Reforms*, by Diagonof, London, 1908.—*Light on the Balkan Darkness*, by Crawford Price (Simpkin, Marshall & Co.), 1915.—*Germany and Eastern Europe*, by Lewis B. Namier (Duckworth & Co.), 1915.—*Nationalism and War in the Near East*, by A Diplomatist ; edited by Lord Courtney of Penwith ; Vol. I. (Carnegie Endowment for International Peace] ; Oxford, Clarendon Press.

† Part V., Chapter X., p. 312.

known as the Balkan Peninsula and the false notions entertained wilfully or ignorantly by statesmen and publicists as to the importance of the routes through the Balkans. I demonstrated the absurdity of phrases like these: "Salonica will be one day the half-way house on the highway from Port Said to Vienna or Hamburg, the meeting-place of Germany and India;" "Constantinople lies on the highway to India;" and "is the gate of the East," although in sober fact its sole importance is due to the fact that Turkey has been permitted to remain in a position to close the Bosphorus and the Dardanelles at will. I also exposed the popular illusions to which the Bagdad Railway gave rise in the minds of those who had never stopped to compare maritime freights for long distances with the cost of rail transport or the cost of transport part by rail and part by sea, involving the expense of transfer.

II. The Bulgarians before and after 1878

The Bulgarians, whose original home was in Asia, are much more akin to the Turks than to the Slavs. In 679 A.D., led by their Khan Asporukh (or Isperikh), they crossed the Danube and made themselves masters of the scattered Slav populations, while adopting their language, customs and institutions. In the ninth century their Tsar Boris was converted to Christianity. The independence of the Bulgarian Church was recognized by the Patriarch of Constantinople, and their primate himself received the title of Patriarch. From 893 to 927, under Simeon, the "Emperor and Autocrat of all the Bulgarians and Greeks," their Empire extended from the Black Sea to the Adriatic and from the frontiers of Thessaly to the Save and the Carpathians. However, Basil II., Βουλγαροκτόνος, the "Slayer of Bulgarians," brought their empire to an end, and for more than a century and a half (1018–1186) Bulgaria was subject to the Emperors of Byzantium.

From 1218 to 1241 Ivan Asên II. established Bulgarian sway over Albania, the Epirus, Macedonia and Thrace, and Bulgaria attained a comparatively high stage of civilization; but in 1330 the Tsar Michael Shishman was beaten by the Serbs at the battle of Kustendil, and Bulgaria became part of the Empire of Stephen Dushan (1331–1355). Then the Turks came on the scene. In 1340 they ravaged the valley of the Maritza, captured Philippopolis in

1342 and Sofia in 1382. By 1396 the last vestige of Bulgarian independence had vanished.

The Turkish conquest was so complete that four centuries later Bulgaria took no part in the movement for the liberation of Serbia from the Turkish yoke, which began in 1804. In 1862, however, when the Serbians drove out the remaining Turkish garrisons from their towns, the Bulgarians also began to organize; but it was the Russian Ambassador at Constantinople, Ignatieff, who inspired the revival of their national feeling. Citing the precedent of their patriarch, who was recognized by the Greek patriarch in the ninth century, he put such pressure on the Porte that it consented to issue the firman of February 28th, 1870, providing that:

ARTICLE I.—A separate ecclesiastical district shall be established under the official name of the Bulgarian Exarchate. The administration of spiritual and religious affairs in these districts shall pertain exclusively to the said Exarchate.

ARTICLE II.—The metropolitan of the said districts shall bear the title of Exarch.

In Turkey religion and nationality are the same thing. Ignatieff thus created Bulgarian nationality, notwithstanding the protests of the Fanar. The Russians next taught the Bulgarians to realize that they had twice possessed an empire, gave them schools, supplied them with war material and inspired them with ambitions.

Yet Bulgaria was still an embryonic State when in 1870, Karaveloff, one of the Bulgarian leaders, wrote in the *Swoboda* of November 18th: "The hopes we have put in Russia are the cause of our sufferings in the last century. Our safety depends upon a Danubian federation, and not upon Russia." In 1872 he resumed his argument: "We must win our independence ourselves without foreign aid." On July 20th, 1874, he said to the Bulgarians in his paper *Negawissimost* ("Independence") that "the Slavs of the South ought not to want either help or sympathy from foreigners."*

Yet without Russia Bulgaria would still be under the Turkish yoke.

In 1875 the inhabitants of Herzgovina refused to pay taxes, or to work in the *corvées*, and resisted the Turkish authorities. Foreign consuls intervened in the affair and Turkey promised a wide scale of reforms, but the rising spread. The Bulgarians massacred Turkish

* *The Early History of the Balkan League*, by L. Barber.—*The International Review*, October 5th, 1914.

police agents. Abdul Hamid had become Sultan after the compulsory suicide of Abd-ul-Aziz and the deposition of his brother Murad. Chefket Pasha was commissioned to stamp out the revolt, and carried out his work in a revolting manner which roused the wrath of Gladstone, who made the mistake of supposing that the Bulgarians were the only victims. The method of massacre was, in fact, extended to the Greeks and Serbs of Macedonia. Russian intervention saved Serbia, but roused the suspicions of Lord Beaconsfield. There followed the Conference of Constantinople, which forced a constitution on Turkey, but only delayed the Russian declaration of war.

On April 24th, 1877, the Czar commanded his armies to ignore the protest of Great Britain and cross the Danube. Roumania joined forces with them, but Bulgaria took no part in the struggle.

Colonel Verestchagin, brother of the painter, has left an account of his experiences in the war of 1877–1878. He reveals the terror which the Turks inspired in the Bulgarians who did not know how to use a gun, having been brought up under a régime which allowed any Turk to kill offhand every Bulgarian found armed with that weapon. But covered by the Russian armies, they took their revenge. The Turks found themselves manacled with the fetters they had destined for the Bulgarians and subjected to wholesale pillage. On one occasion, when the Bulgarians wanted to get some loot across a Russian camp, they feigned a Turkish attack.

Bismarck prevented Austria from intervening. England was mortally afraid that the Russians would enter Constantinople, but they stopped short at San Stefano, and the treaty they imposed on Turkey established an autonomous principality of Bulgaria, which comprised the provinces of Bulgaria proper, Roumelia and Macedonia. Bismarck thought that by preventing the intervention of Austria-Hungary in the war, he had paid off his debt to Russia for her friendly neutrality in the Franco-German War.* He represented himself as the "honest broker" acting as intermediary between Russia, Austria and Great Britain. The Treaty of Berlin (1878) radically revised the Treaty of San Stefano. Macedonia was restored to Turkey. The new principality of Bulgaria was cut down to the territory between the Danube and the Balkans. It was to remain tributary to Turkey. Independently of Bulgaria, Eastern Roumelia

* See *supra*, p. 39.

was created with a Christian governor, appointed for five years by the Sultan. The Bulgarians considered themselves robbed, and resolved never to respect those clauses of the Treaty of Berlin which injured them.

They chose Prince Alexander of Battenberg as Prince of Bulgaria. Although this selection was inspired by Russia, Prince Alexander found himself obliged to side with the anti-Russian party. In 1885 a revolution broke out at Philippopolis. Prince Alexander of Battenberg went there, and in violation of the Treaty of Berlin assumed the title of "Prince of the Two Bulgarias" and annexed Eastern Roumelia. The Greeks demanded territorial compensation; but a naval demonstration soon compelled Greece to recognize Bulgaria's right to flout the Treaty of Berlin, bearing the signatures of its authors, the Germans, Austrians, British, Italians and Russians. France, also a signatory of the treaty, indicated to Greece in friendly fashion the necessity of accepting this unexpected interpretation of it.

The Serbians, egged on by Austria, attacked the Bulgarians, but were defeated at Slivnitza (November 19th, 1885).

The Russian Government never forgave Alexander of Battenberg. He was kidnapped one night and carried off to Reni. Recalled by the people, he was compelled under pressure from Russia to abdicate a few days later. Stambuloff became Regent. He governed by the most barbarous methods, and on the 7th of July, 1887, induced the Sobranje to elect Prince Ferdinand of Saxe-Coburg, a lieutenant in the Hungarian army, whose claims were supported by Austria and Germany. The new ruler had been born in Vienna, was twenty-six years of age, and a grandson of Louis-Philippe through his mother, Princess Clementina. He was a great landowner in Hungary, very rich, very ambitious, anti-Russian by birth. He boasted of having French blood in his veins, but he was francophobe by training. In a famous letter he once complained of being treated as the Nero of Sofia, and represented himself as an innocent victim wholly devoted to his people. Stambuloff put incredible energy into the work of government which was characterized by affairs such as the execution of Major Paniza in 1890.

It has been observed that Ferdinand was invariably absent whenever one of these little political accidents occurred. By a singular coincidence he was absent when Stambuloff was assassinated in 1895. In an unguarded moment he once remarked to an Englishman:

"When I came to Bulgaria I made up my mind that if there were to be assassinations, I would be on the side of the assassins."

To Mr. Dillon he said one day: "You were very devoted to my predecessor, Prince Alexander of Battenberg."

"Yes," replied Mr. Dillon, "I admired him sincerely, though his qualities were those of the heart rather than of the head."

"I shall never deserve that reproach," was Ferdinand's retort.

His election was not confirmed by the Porte until 1896. He assumed the title of "Royal Highness." He then tried to curry favour with Russia by having his son Boris baptized in the Orthodox religion, with the Czar Nicholas for his godfather.

On October 5th, 1908, in further violation of the Treaty of Berlin, he proclaimed himself Tsar of the Bulgarians at Tirnovo. The Great Powers had already shown how little they cared for the maintenance of the treaty and they acquiesced without protest.

It is true that Bulgaria has a national parliament, the Sobranje, and responsible ministers; but in reality Ferdinand wields despotic powers. There are ten political parties in the country: (1) The Nationalists, under M. Gheshoff; (2) the Liberal Progressives, under Dr. Danef; (3) the Democrats, led by M. Malinoff; (4) the Stambuloffists, under Dr. Ghenadieff; (5) the Liberals, under Dr. Radoslavoff, the present Prime Minister; (6) the Young Liberals, led by Dr. Tontcheff, the present Finance Minister; (7) the Radicals, under M. Isanow; (8) the Agrarian Party, led by M. Stambouliski; and the two wings of the Socialist Party, led by M. Yanko Sakazoff and M. Blagoyer. It has been child's play for Ferdinand to keep the Press and all these parties, torn by jealousies, under control.

He has also worked through the comitadjis, marauding bands whose function was to stir up trouble in Macedonia, and whom he employed to make attacks on Serbia in the present war, even when Bulgaria was still nominally neutral. He always disavowed these agents while secretly supporting them,* and by creating an atmosphere of universal terror, he continued the traditions of Stambuloff, which are represented by Ghenadieff, an ardent pro-Austrian.

* *The Aspirations of Bulgaria*, by Balkanicus (translated from the Serbian). London, Simpkin, Marshall & Co., 1915.

III. Bulgaria and the Wars of 1912–1913

On October 8th, 1912, the very day on which Montenegro declared war on Turkey, there appeared a note beginning with these words :

"The Russian and Austro-Hungarian Governments will inform the Balkan States that the Powers reprobate any step likely to lead to war, and that if, notwithstanding, war breaks out between the Balkan States and the Ottoman Empire, they will not permit any modification of the territorial *status quo* in Turkey in Europe at the conclusion of the struggle."

The fact was that Austria-Hungary and Germany had pushed the allies of the Balkan League into war with Turkey, not in the interests of the Balkan nations, but to further their own designs. They were certain that Turkey would beat the Balkan Christians. Hence the provision as to the maintenance of the territorial *status quo*.

Yet, in spite of Von der Goltz's reorganization of the army, the Turks abandoned Kirk Kilisse without resistance, and the Bulgarians who occupied it became popular heroes. The Austrian and German diplomatists and Press announced the pending triumphal entry of Ferdinand into Constantinople and his coronation at St. Sophia. It was true that before Ferdinand could hope to realize this ambition, it was necessary to carry the fortified Tchataldja lines, but he did not attribute his disillusionment to that military reason. He laid the blame for his failure on the Russian Government, to whom he sent General Radko Dmitrieff. The answer to this envoy was a direct negative. It is said that by way of compensation he was promised a lucrative financial deal. The upshot was that Ferdinand henceforth regarded as enemies the Pan-Slavs of Petrograd, who had reminded the Bulgarians at a banquet that " the Balkan question is bound up with the age-long dream of Russia to plant the cross on St. Sophia.*

Towards the end of October the Powers abandoned the provision of the 8th of October relating to the maintenance of the *status quo*.

M. Poincaré, then Minister for Foreign Affairs, proposed to the Powers a joint declaration of their territorial disinterestedness. Austria-Hungary refused, and reinforced her troops in Bosnia, while Russia retained with the colours the class which would normally have been disbanded.

* *L'Europe devant Constantinople*, by Max Hoschiller, p. 73.

Appendix

The Serbian Government claims to have proof that in the spring of 1912, before the outbreak of the first Balkan War, the Bulgarian Government, by agreement with the Ballplatz, had arranged the following career for the Balkan League. Bulgaria was granted permission to fight Turkey with the assistance of Serbia. If she won Serbia was to be rewarded with some insignificant territorial concessions; but if she lost Austria would guarantee her integrity. After this first war there was to be a second, in which Serbia would be finally crushed.

The Turks began negotiations with the Bulgarians on November 15th. On the 28th Sir Edward Grey proposed a conference in London of ambassadors (Germany, Austria, France, Great Britain, Italy and Russia), who should keep in touch with the delegates in London of the warring nations, and draw up the terms of a general settlement of the questions raised by the war.

From the start Austria demanded that the autonomy of Albania should be recognized. The Ottoman Government accepted the terms of the Balkan League, but the Young Turk party overthrew it, and the new Turkish Ministry of Mahmud Chefket issued a note on January 3rd, 1913, in which it referred the whole matter to the Powers. However, on February 3rd hostilities were resumed. On March 6th the Greeks took Janina; on the 26th, the Bulgarians, with Serbian assistance, captured Adrianople, and the Serbians proceeded to drive the remnants of the Turkish forces out of Macedonia.

Bulgaria stood in fear of the Roumanians, who demanded compensation. The Montenegrins went on fighting until April 23rd, on which date they occupied Scutari, but the Powers, to appease Austria, made a naval demonstration with a view to forcing them to evacuate the town. The preliminary treaty of peace was signed in London on May 30th. The Sultan referred to the Powers the disposal of all Turkey in Europe to the west of a line from Enos on the Aegean Sea to Midia on the Black Sea, with the exception of Albania. The delimitation of the frontier and cognate questions were left to them, as also the destiny of Crete, the Turkish islands in the Aegean Sea and the peninsula of Mount Athos.

Disputes immediately ensued between the members of the Balkan League and the Great Powers. The Greeks demanded Upper Epirus, inhabited largely by men of their own race, while Italy desired its union with Albania. The Greeks also claimed all the islands of the Aegean Sea, the Greek population being 394,000 out of 423,000 souls.

The Italians wished to keep the Dodecanese, with a view to its ultimate restoration to the Turks along with the islands off the coast of Asia Minor and the Dardanelles.

The alliance between the Serbians and Bulgarians was established by the treaty of February 29th, 1912, and the military convention of June, 1912. The real compact was a secret treaty.* The treaty gave Bulgaria an exclusive right to annex all territory east of the river Struma and the Rhodope Mountains. Serbia was to annex the territory to the west and north of the Char-Planina Mountains. As regards the territory between the Char, the Rhodope Mountains, the Aegean Sea and Lake Ochrida, Serbia undertook to restrict her claims to the territory bounded by a line from Mount Golem on the Turco-Bulgarian frontier (to the north of Krivoretchna-Palanka), passing south-west through a mountainous tract to the monastery of Gubavatz on Lake Ochrida. Bulgaria agreed to accept that frontier if Russia, " as final arbitrator," approved it. By Article 4 the construction of the treaty or any part was assigned to the Czar of Russia as arbitrator.

This treaty ought to have been carried out in strict accordance with its terms, but the Powers themselves were the first to flout it when they handed over to Albania part of the territories it assigned to Serbia. The Serbs demanded compensation in the Monastir district. They added that the terms of the military convention had not been kept, that they had put in the field 300,000 men instead of the 150,000 stipulated, and that the 100,000 Bulgarians who were to operate in Macedonia had failed to make their appearance, while the Serbians had rendered invaluable assistance in men and material during the siege of Adrianople.

The terms of the treaty of May 16th, 1912, between the Bulgarians and Greeks were not definitely settled at the conclusion of the war, for both parties claimed Salonica, and, in fact, the troops of the two nations came into open conflict in that district. Both the Bulgarians and Serbians ignored the fact that they had agreed, by the first treaty, to submit disputes to an arbitrator. The Czar Nicholas sent a telegram to both parties reminding them of their original intentions. The four Governments—Bulgaria, Serbia, Greece and Turkey—agreed to send delegates to St. Petersburg.

According to the report of an American, Mr. Jacob Gould Schuman,

* See *The Aspirations of Bulgaria*, by Balkanicus, p. 89, and *Nationalism and War in the Near East* (Carnegie Endowment for International Peace).

who was in Sofia at the end of June, 1913, M. Daneff, then Prime Minister, spoke to him of the tension between Bulgaria, Serbia and Greece, but said it would not end in war. On the 28th, however, he issued the official declaration of war. That same evening, at eight o'clock, General Savoff, the Bulgarian Commander-in-Chief, issued an order in cipher to the General commanding the 4th Army to attack the Serbs along the whole front on the evening of the 29th. The same day he issued orders to the other army commanders to attack the Serbs and Greeks and secure Salonica, stipulating that " these attacks should not be preceded by an official declaration of war." The orders were duly carried out. No one believes that General Savoff inaugurated these operations on his own initiative, and universal report assigns the responsibility for them to King Ferdinand, who had had a long conference with the Austro-Hungarian Minister.

The Bulgarians were defeated. On July 30th M. Daneff implored Russia to intervene as arbitrator, and begged her " assistance against the attacks of Turkey and Roumania which had already begun."

Russia saved Bulgaria by insisting that the Roumanians should not secure the Rustchuk-Varna line nor enter Sofia. M. Daneff resigned, and the Bulgarians, the danger having passed, gave to Austria Hungary the gratitude they owed Russia.

The delegates of the four Governments assembled at Bucharest on July 30th, and M. Majorescu, the Roumanian Prime Minister, and M. Take Jonescu presided. After a month of fighting Bulgaria admitted defeat and ceded Adrianople and a large tract of territory to Turkey. As regards Serbia and Greece, the treaty of 1912 was definitely at an end.

The new treaty was signed on the 10th of August. Roumania acquired a slice of Bulgaria bounded by a line from above Turtukaï to a point on the Black Sea to the south of Ekrene. Bulgaria was to demolish the fortifications of Rustchuk and Schumla, and to give guarantees with regard to the Roumanian schools and churches in New Bulgaria. The Serbo-Bulgarian frontier started from the old frontier at Paratrica and followed the original Turco-Bulgarian frontier and the line of the watershed between the Vardar and the Struma, with the exception of the valley of the Strumnitza, which passed to Serbia. It terminated at Mount Besalica, where it met the Bulgaro-Greek frontier. The Bulgarians left Greece in possession of Salonica, the territory to the east of Drama, Seres, and the port of Kavalla. The Turks resumed possession of Adrianople, in violation

of the treaty of May 30th, and Bulgaria ceded to them Dimotika and Kirk Kilisse, with a frontier from Enos to Midia. As regards Albania, Austria insisted on preserving its integrity because it was bound to be a bone of contention between Serbia, Montenegro, Russia, Italy and Greece. The other Great Powers acquiesced, a fatal concession. The following table shows the gains of the respective parties.

			Gain.	
	Square miles.	Population.	Square miles.	Population.
Roumania	—	—	3,220	353,000
Serbia	18,630	2,957,200	15,057	1,290,000
Greece	24,867	2,631,000	19,806	1,624,000
Bulgaria	37,198	4,329,000	6,949	400,000

Thus Bulgaria's ambition to secure the hegemony of the Balkans received a rude shock. On August 11th, the day after the treaty was signed, King Ferdinand denounced it in a proclamation to his army: "No patriotic Bulgarian will abandon willingly and without a struggle Monastir, Ochrida, Dibra, Prilep, Salonica, Seres and other Bulgarian lands inhabited by our fellow-countrymen."

From M. Take Jonescu's revelations we know now that from May onwards Austria was anxious to attack Serbia. The object of the communication to M. Jonescu was the intimidation of Serbia. In August Signor Giolitti received a telegram from the Marquis di San Giuliano, Minister for Foreign Affairs, informing him that the Austro-Hungarian Government had communicated to Italy and Germany their intention to attack Serbia and invoking the *casus fœderis*. Italy refused to recognize any obligation. Austria had perforce to abandon her designs; but it was plain, after King Ferdinand's manifesto, that he had hopes of obtaining his revenge for the Treaty of Bucharest with the assistance of the Triple Alliance.

IV. The Bulgarians and Macedonia

The Bulgarians put forward historical and ethnographical claims to Macedonia.

But what is Macedonia?

The ancients included Roumelia in Macedonia. The Romans

added to it Central Albania with Durazzo. French and English geographers understand by that name the whole country between the Rhodope Mountains on the north, Olympus and Thessaly on the south, the Pindus range on the west, and watered by the rivers which flow into the Aegean.* To the Bulgarians "Macedonia" means all the territory they covet to the west of the Rhodope range, and old Serbia, and forgetting that by the Treaty of Bucharest they obtained the valleys of the Struma and Strumnitza, they assert that the Serbs and Greeks have wrongfully appropriated the whole of Macedonia.

I confess I am not impressed by the claim based on historic rights. About 950 A.D. Constantine Porphynogeretus wrote that the town of Serblia, on the river Bistrita in the district of Salonica, received its name from the Serbs who inhabited that region. In the sixteenth century Western travellers found Salonica still inhabited by the Serbs, and the Russian historian, N. P. Kondaloff, in his *Voyages Archéologiques en Macédoine* (1907), says that the Serbs crossed the Danube in the fifth century, and that the first Slav invaders of Macedonia were Serbs, and were followed by the Bulgarian hordes at a subsequent date.

The French officers whom Napoleon commissioned to visit Dalmatia and Macedonia mention the Serbs, but never the Bulgarians.

Little weight must be attached to the opinions of the English or French travellers who have visited the Balkans purely as sightseers or on political missions. They give predominance to the Bulgarians, Greeks or Serbs, but their choice is determined by the views of their dragoman. If they do not start out with an opinion already fixed, they invariably reflect that of their interpreter.

The Serbs were brutally persecuted after the insurrection of Kara George and the Peace of Bucharest in 1812, and the insurrection of Dobrenovitch in 1815. The Bulgarians, on the other hand, were a model of meekness. The Serbs would call themselves Bulgarians when they wanted to assure their own safety. Yet the Serbs possessed many schools in Macedonia, though after the Turkish defeats in the wars of 1876 and 1877 the Turks closed those schools. The Serbs then had to choose between education given by the Greek Patriarchate and that given by the Bulgarian Exarchate. Many chose the latter from fear of the Bulgarian comitadjis.

On the principle that religion constitutes nationality, the inhabitants of Macedonia were classified either as Greeks or Bulgarians. Officially

* *Dictionnaire de Géographie*, by Vivien de Saint-Martin, Vol. III. (1887).

the Serbs disappeared, more or less absorbed in the Bulgarians, though the latter have never enjoyed a numerical majority.

Macedonia has never been Bulgarian. According to the census of 1905, taken after the international commission of control was established (police officers, etc.), there were in the *vilayet* of Salonica, 425,613 Mohammedans, 360,000 Greeks, 200,488 Bulgarians; in the *vilayet* of Monastir, 220,369 Mohammedans, 276,667 Greeks and 148,426 Bulgarians.

The official statistics of education issued by the Bulgarian Exarchate and the Greek Patriarchate give the following figures. In 1904, in the *vilayet* of Salonica, the Greeks had 521 schools, with 32,534 scholars; the Bulgarians, 319 schools, with 9,544 scholars. In the *vilayet* of Monastir, there were 477 Greek schools, with 27,106 Greek pupils, and 242 Bulgarian schools, with 8,767 Bulgarian pupils. Before 1913, in all the large towns the Greeks virtually had the field to themselves in banking, industry and the higher branches of commerce. Before 1906 a Bulgarian doctor or barrister was not to be found either at Salonica or Monastir. The fifteen great works of Verroia-Edessa, the district of waterfalls, were established by Greeks and are still in Greek hands.

The Treaty of Bucharest deprived the Bulgarians of the *vilayet* of Monastir, but gave Greece not a single *caza* (district) in which the Greeks had not since 1905 a numerical preponderance over the Bulgarians. The *vilayet* of Salonica comprised twenty-four *cazas*. There was a Bulgarian majority over the Greeks in ten of these—Doiran, Avret-Hissar, Strumnitza, Tikvech, Petritsi, Demir-Hissar, Melenikon, Nevrokop, Djuma-Bala and Razlog. Of these ten the Bulgarians lost only Doiran (which went to Serbia), Avret-Hissar and Demir-Hissar (which were given to Greece), and the loss was more than made good by the territories acquired in western Thrace at the expense of Hellenism.

A treaty which defined the respective spheres of influence was accepted in March, 1912, by the Greek and Bulgarian deputies with the approval of the Patriarchate and the Exarchate, and established the following distribution:

Vilayets.	Greek Seats.	Bulgarian Seats.
Salonica	5	3
Monastir	5	2
Adrianople	8	1
	18	6

Thus the three *vilayets* gave the Greeks a superiority of three to one.

In western Thrace, which went to Bulgaria, Suffli, Dedeagatch and Xanthi are Greek. The Bulgarians claim Kavalla, but of its 45,000 inhabitants not one is Bulgarian. In 1905, in the whole *sandjak* (province) of Drama there were only 2,120 Bulgarians out of 148,807 inhabitants; that is, barely 1½ per cent.

"This summer, when travelling in Macedonia," says M. Michel André,* "I stayed at the town of Vodena, which was delighted to have resumed its famous name of Edessa. In the gardens a 'Karagyeuz' (a kind of Punch and Judy show) presented popular plays. In one of them a Bulgarian and a Greek set out to share three sheep which they had jointly acquired. 'That one,' said the Bulgarian, pointing to the first sheep, 'is mine by rights. The second you will give me out of friendship, and I shall take the third.'"

To-day Bulgaria claims to apply the principle illustrated in that "Karagyeuz" to the whole of Macedonia.

It is difficult for us to have any idea of the life of the Macedonian inhabitants under Turkish rule, even after the Treaty of Berlin and the Mürsteg Programme drawn up by the Czar of Russia and the Emperor of Austria. According to a Bulgarian document, in the first eleven months of 1905 there were 1,010 murders, of which 330 were perpetrated by Turks or Albanians, 195 by soldiers, 451 by Greeks and 34 by Serbs. For 1906 Sir Edward Grey published the reports of the consuls, which show that between January 1st and September 30th, 577 Christians were killed in the *vilayet* of Salonica, 431 in the *vilayet* of Monastir, and 183 in the *vilayet* of Kossovo; a total of 1,191. The reports, however, do not ascribe the majority of these crimes to the Turks. Their authors were mainly Bulgarian comitadjis.

What must have been the mental and moral condition of the inhabitants of those Macedonian villages, obsessed by mutual hatred, suspicion, terror, malice and a passion for revenge?

The population was composed of three classes: landowners, "tchiftdis" (metayers) and farm labourers. The landowning class was mainly Mohammedan. The Metayer system was in operation in three-quarters of the estates. The metayer was compelled to take his farm produce to market sometimes fifty to sixty miles away. The cattle and agricultural implements belonged to him, but he had to work ten days a year for the bey. If the bey erected a mill he had

* *Le Temps*, December 15th, 1914.

to take his corn there. He had also to pay the police agent, whose principal function was to terrorize him.

The wage for a year of an agricultural labourer was 100 to 120 Turkish piastres. A piastre is worth 2¼d., so he received 18s. 9d. to £1 2s. 6d. in money and the rest in corn. Thus he had absolutely no certainty of payment, for the bey could deduct what he liked.

Such are the conditions of life of a population which has been the direct cause of the horrible devastation of Europe during the last three years.

V. Some Strange Diplomatic Illusions

In view of the facts already given, it was certain that the Bulgarian Government could only welcome Austria's declaration of war on Serbia. It meant that after the lapse of a year they would obtain that revenge for the Treaty of Bucharest which they had expected at once, but which had to be postponed on account of Italy's refusal to regard Austria's unprovoked attack on Serbia as a *casus fœderis*.

The diplomatists of the Allied Powers must have been perfectly familiar with those events.

Anything the Allies could offer Bulgaria was necessarily at the expense of Serbia and Greece, though it is true that they also talked of compensation at the expense of Austria, forgetful of the intimate ties between Ferdinand and Francis Joseph. Some publicists were anxious to procure a revision of the Treaty of Bucharest in favour of Bulgaria, "in conformity with the principle of nationality." This meant that Bulgaria would be given Macedonia, which she was pleased to regard as Bulgarian. The Socialists made the same mistake with regard to Bulgaria as they had made with regard to the German Socialists before the war.

The Bulgarian Sobranje was composed of 213 members. M. Longuet* says that 116 of them—that is, a majority—were opposed to a pan-German policy. It may be true, but a parliamentary majority goes for nothing in a government like that of King Ferdinand.

In the *Revue Bleue* of September 11th–18th, M. Paul Louis wrote:

"The Balkan Federation can and must once more be a reality, and that in no long time. Every statesman, at Nish, Bucharest, Sofia or Athens, who opposes its resurrection, is committing more than an error—a real crime against his country, the Balkan world, Europe herself."†

* *L'Humanité*, October 20th, 1915.

† Paul Louis: *La Ligue Balkanique*.

Appendix

The idea of reviving the Balkan League, which had only survived a few months, and had been always disregarded by the Bulgarians and finally broken up by them on June 29th, was one of those Utopian fantasies which are excusable when indulged in by journalists, but unpardonable in experts in foreign politics, who are supposed to act only on facts and probabilities.

Yet the diplomatists of England, France and Russia appear to have lost all sense of reality in their dream, and in the name of Ferdinand they exercised pressure on Greece and Serbia, quivering under the blows of Austria-Hungary, in favour of Bulgaria.

On August 4th, 1915, the Quadruple Entente informed Athens that they wished to give Bulgaria part of Macedonia. The immediate result was an indignant outburst in Greece and Macedonia. In one town the skulls of the Greeks who had been massacred by the Bulgarians in 1913 were exhumed and carried round in procession. The same method of pressure was applied to Serbia. On August 18th, I was astounded when a French statesman, in answer to no question of mine, remarked spontaneously : " I have some good news for you. We have obtained from Serbia and Greece what Bulgaria wanted, so now we are sure of her ! "

Can the prudent diplomatists of the Quadruple Entente have been so ignorant of the behaviour of Bulgaria since the beginning of the war ?

In the autumn of 1914 bands of Bulgarian irregulars had delivered two attacks on Strumnitza. The irregulars had been assisted by regulars, acting on instructions from Sofia. Some of the comitadjis who were killed had Austrian money on them, and prisoners said that their leaders had been in communication with the Austro-Hungarian Legation.* On three occasions the Bulgarians had attacked the Nish-Salonica railway. They had allowed war material and supplies to go through to the Turks, and had even furnished munitions and men themselves. Their General Staff was instructed openly or semi-secretly by German officers in plain clothes or Bulgarian uniforms. Says M. R.-R. Reiss : " I myself saw a German officer and his mechanic, whose aeroplane had come down on Serbian territory through engine trouble, who were dressed in Bulgarian uniforms and carried documents."

The Allies professed themselves satisfied with explanations which

* See the article of M. R.-R. Reiss in the *Gazette de Lausanne*, October 13th.

were patent lies and went on blackmailing Serbia and Greece for the benefit of Bulgaria!

Yet the Russian, English and French diplomatists were by no means ignorant of the successive phases of Ferdinand's policy. How could they so thoroughly have deceived themselves, considering their knowledge of his financial relations with Germany?

After the Balkan Wars various German banks, among them the German National Bank, the Berlin Commercial Association, and the Commercial and Discount Bank, were in possession of Bulgarian bills given in payment for war material. Gold being at a premium of forty per cent., certain banks, under the direction of the *Disconto Gesellschaft* of Berlin, formed a syndicate which reduced the premium on gold to nine per cent., and thus paved the way in May, 1914, for the negotiation of a consolidated loan.

The *Gazette de Lausanne* of November 20th gives some information of these events which it derived from German sources. In its report for 1914 the *Disconto Gesellschaft* spoke of the "patriotic character" of the dealings with Bulgaria. On July 15th, 1914, the Bulgarian National Bank was able to repay 25 millions in gold to English banks and 10 millions in gold to Austrian banks. Further, the Bulgarian Government received 120 millions in gold against treasury bills at 7 per cent., and the contract for a 5 per cent. loan of 500 millions issuable at 84 was signed. This loan was to be paid in two instalments. In exchange Bulgaria granted a concession of Bulgarian mines to the *Disconto Gesellschaft*. The contract contained a clause suspending its operation in case of war.

However, in November, 1914, the *Disconto* subscribed 100 millions and the Bulgarian National Bank and Agricultural Bank 50 millions. The German banks relinquished their option on the first portion of the Bulgarian loan. Further negotiations led to a special advance of 150 millions in gold against 6 per cent. treasury bills. Seventy-five millions were deposited and 10 millions were to be advanced every fortnight. This advance of 50 millions and the advance of 100 millions in July, 1914, were not included in the loan which had been negotiated. In March, 1915, after the attack of the Allied fleet on the Dardanelles, it became known that the option on the second instalment of the loan had been relinquished, and that liabilities for past and present supplies of war material were to be covered by the loan of 500 millions. Bulgaria thus received 270 millions in gold,

500 millions in war material, a total of 770 millions, in addition to 100 millions for the mines.

How could anyone have been deceived as to the end she had in view ?

In the provisional estimates for the first quarter of 1916 an increase of seventeen million francs was earmarked for secret uses by the Department of Foreign Affairs. We hope that they will be employed to good purpose ; but if the object is a practical knowledge of the behaviour and preferences of Ferdinand of Bulgaria, it will be necessary to buy and read a number of books and reviews, and to keep a file, which I hope already exists in the Foreign Office. The entire Press had drawn attention to the financial relations of Bulgaria with the Berlin banks.

Any man in the street who haunted the precincts of Downing Street or the Quai d'Orsay could have told the diplomatists of England or France that if Germany was making loans to Bulgaria it was in pursuance of a common aim.

There are some statesmen who complain that in view of the known facts the Allies ought to have kept Ferdinand under the impression that they would make him Emperor of Constantinople. They must have had a poor opinion of his wits. Ferdinand knows that Russia, which has had such signal proofs of Bulgarian ingratitude, would never agree to make the Bulgarians guardians of the Straits in place of the Turks. How could any statesman be blind enough, even in good faith, to think of establishing at Constantinople a king who had been a mere tool of the Central Empires ? However low his opinion of the Allied diplomatists, whom he has found such easy game, Ferdinand could not possibly have believed that they would resume with him the thorny problem of the Straits. The more obsessed they became, the more they strove to excite his ambitions, the more suspicious Ferdinand became. He could not fail to realize that if Russia, France and England were victorious, they would never instal a vassal of William II. at Constantinople.

Whilst Ferdinand was playing with the Allies, he had signed on July 17th a compact with Prince Hohenlohe, representing Germany, countersigned by the representatives of Austria and Turkey. It gave Bulgaria all northern and southern Albania, all Serbian Macedonia and Greek Macedonia, with Kavalla, Drama, Seres, Florina and Kastoria.

At the beginning of October the Athenian paper *Hestia* published

the information that Great Britain had secured the text of the treaty, and had communicated it to the Greek Government. On September 2nd the Austro-Germans began their renewed campaign against Serbia with the bombardment of Semendria. On September 22nd Bulgaria mobilized. Serbia informed the Allies that the Bulgarian mobilization would take seventeen days, and asked permission to march at once on Sofia.

It was the second time she had suggested that course, and, indeed, if the Allies had not been hypnotized by their obsession of winning over Ferdinand, that attack would have had far-reaching results to the advantage of unhappy Serbia and the Allies.

Yet the true state of affairs might long since have been gathered from the visits to Sofia of the Duke of Mecklenburg, accompanied by Herr von Rosenberg, chief of one of the departments of the Wilhelmstrasse. A few days before the mobilization two German generals were established at the War Office. Another German general was installed at the Foreign Office. The mobilization was carried out under the direction of the general staff, consisting of twenty-eight German officers, who paraded the streets of Sofia in uniform, and several Bulgarian generals selected from the court party.

The Sofia correspondent of the *Messagero*, writing in October, said that immediately after the mobilization the War Office drew up a list of officers with supposed pro-Russian sympathies and ordered them to resign. Many were imprisoned, and some who had given open proof of their preferences were shot. The Government employed atrocious methods in suppressing an attempted revolt in the Fifth Corps, which resented the imprisonment of General Dankeff, accused of having revealed his Russophile sympathies to his subalterns. A manifestation of feeling was followed by a massacre, and the houses of political suspects were subjected to visitation and search.

M. Radoslavoff summoned M. Ghenadieff and said to him :

" My dear Ghenadieff, we have now taken all precautions to prevent any recurrence of rebellion. You are free to pursue whichever of three courses you prefer. You may bow to the inevitable and agree to remain confined in your own house, you may choose to be hung, or you may prefer to become a minister in my cabinet."

Ghenadieff, to forestall further sacrifices, chose the first course. Ferdinand, on his part, summoned M. Malinoff and put the same alternatives to him. Malinoff also yielded.

M. Gueschoff, to whom so much information had been imparted in imprudent conversations in Paris, said to the correspondent of the *Messagero :* " Monsieur, we shall go with the victor."

The Bulgarian Government were good enough to acquaint their subjects with the motives for their conduct in a document which has become known through a communication from Reuter's Agency, dated from Amsterdam on October 8th. It was published by the *Frankfurter Zeitung*, where it occupied eight columns. Twenty thousand copies had been distributed by the Bulgarian Government some time previously in different German cities. The document recited the motives of the contending parties in the war, went on to show the superiority of the Central Powers, and ended as follows :

" At the outset no man could foretell how events would shape themselves, nor which side would be victorious. If the Government had decided to intervene at once in this great war it might have committed the error of throwing in its lot with the party ultimately defeated and thus imperilling the Bulgarian Empire.

" We do not know the contents of the famous note which the Quadruple Entente presented to the Bulgarian Government, but from what has appeared in the Press it would seem clear that Russia and her Allies offered us nothing in exchange for our neutrality, but, on the other hand, demanded (i) that we should intervene as soon as possible in the war ; (ii) that Bulgaria should put her army at the unfettered disposal of the Quadruple Entente, which should control it entirely and send it where they pleased ; (iii) that the Bulgarian army should first take Constantinople and immediately hand it over to Russia.

" In return for this, Bulgaria was to acquire Turkish territory to the Enos-Midia line, and there were vague promises of insufficient compensation in Macedonia, provided that Serbia gained sufficient compensation from Austria.

" Although the details of the Austro-German offers are not known, it may be said without fear of contradiction that Austria and Germany promised Bulgaria, in return for her neutrality, the whole of Macedonia, including Skoplie (Uskub), Bitolia (Monastir), Ochrida, etc. In addition, they promised their friendly mediation between Bulgaria and Turkey, with a view to the concession by Turkey of the Dedeagatch railway line and territories to the west and on the right bank of the river Maritza.

" Even larger promises of compensation at the expense of Serbia were made by the Central Powers in the event of our military intervention on their side. These promises recognized our desire to obtain a common frontier with Austria-Hungary along the Danube. Other parts of old Serbia were also offered to us.

" Besides, the promises of the Quadruple Entente could not be regarded with confidence, and we are certainly right in putting our faith in the promises of Germany, which has never failed to carry out its treaty obligations.

" Finally, Bulgaria must range herself on the side of the Central Powers, because victory inclines towards Germany and Austria-Hungary."

Appendix

Articles have appeared in the French Press under the title, "La Trahison de Bulgaria" ("Bulgaria's Betrayal"). The title was inaccurate, for Ferdinand has ever been faithful to his Austro-German policy. The diplomatists who thought otherwise have only themselves to thank for their disillusionment.

On October 19th the Emperor Nicholas issued the following manifesto:

"We make known to all our faithful subjects Bulgaria's treason to the Slav cause. Perfidiously prepared from the beginning of the war, the thing incredible has now become an accomplished fact.

"Bulgarian forces have attacked Serbia, our faithful ally, bleeding from her struggle with a stronger foe.

"Russia and the Great Powers, our Allies, have striven to dissuade the Government of Ferdinand of Coburg from this fatal step. The realization of the ancient aspirations of the Bulgarian nation by the acquisition of Macedonia was secured to Bulgaria in a manner consistent with the interests of the Slav world. But German intrigues and fratricidal hatred of the Serbs have triumphed.

"The Bulgarians, men of our own faith and not long ago freed from Turkish thrall by the affection and blood of the Russian people, have thrown in their lot with the enemies of Christianity, the Slav cause and Russia. Russia grieves at the treason of Bulgaria, so dear to her until these last days, and with bleeding heart draws her sword and commits the fate of the traitors to the Slav cause to the just punishment of God."

Yet the Russian Government ought to have been accustomed to the ingratitude of Bulgaria. They must have known the relations of Ferdinand with their enemies, and experience should have familiarized them with the Bulgarian motto: "The only Slav interests are the interests of Bulgaria."

VI. The Difficulties of the Problem

The events which are happening in the Balkans confirm my observations in the body of this book. The affairs of that quarter of the world will be settled by the Great Powers now at war with Germany and Austria-Hungary.

Ever since Bulgaria became a nation, resurrected by Russia, she has been a constant source of unrest. She erected a statue to the Czar Alexander II. in Sofia, but has steadily pursued a policy dictated by Austria and Germany. She betrayed Serbia and Greece

even when she seemed to be acting in concert with them. The events of her history since 1878 show that peace can never be established in the Balkan Peninsula on the basis of the balance of power. Bulgaria has ever aimed at a Bulgarian hegemony there, and if she had attained it Germany would have exploited it.

How must the Balkan nations be treated when the day of peace arrives ?

To begin with, the Allies will never forget that Serbia was the victim from the first day of the war, and that in August, 1914, she drew upon herself 350,000 Austro-Hungarian troops and inflicted upon them the defeat of the Jadar. Serbia must form with Croatia and the other Southern Slavs of Austria a Confederation of Greater Serbia.

The Bulgarians must give up Macedonia. No longer must we toy with the idea of letting them cut across the Salonica-Belgrade railway. They must be kept as far from it as from Salonica and Constantinople. Will they be allowed to keep Eastern Roumelia ? It is a difficult question.

But there will also be a domestic problem. King Ferdinand and his dynasty must be exiled from Bulgaria. What political system will be most suitable for this race ? Their history shows that they are not ready for parliamentary government. Impoverished, their man-power exhausted, burdened with debt, distrusted by all and with their last illusions dispelled, they will cherish feelings of bitterness and await the first opportunity for taking their revenge. Bulgaria will be a centre of unrest, all the more dangerous from its proximity to Hungary, which will be in the same plight. When the day of settlement arrives they must be separated by a greater distance than before the war.

Bulgaria must be rendered impotent, like the two great empires with which she has thrown in her lot. Her intervention has been disastrous for Serbia, but can have no serious effect on the operations in the French and Russian theatres, where alone a decision will be obtained.

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